

Consolidated Financial Statements of

**ALGOMA DISTRICT  
SCHOOL BOARD**

And Independent Auditor's Report thereon

Year ended August 31, 2025

## MANAGEMENT REPORT

### Management's Responsibility for the Consolidated Financial Statements


The accompanying consolidated financial statements of the Algoma District School Board are the responsibility of Board management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of 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.

  
\_\_\_\_\_  
Director of Education  
\_\_\_\_\_  
Associate Director of Corporate Services &  
Operations

November 25, 2025



**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Trustees of the Algoma District School Board

***Opinion***

We have audited the consolidated financial statements of Algoma District School Board (the Board), which comprise:

- the consolidated statement of financial position as at August 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes 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, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

***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 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 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.



***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 the basis of accounting described in Note 1 of the financial statements, 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 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Canada  
November 25, 2025

A handwritten signature in blue ink, appearing to be 'J. Smith', located in the bottom right corner of the page.

# ALGOMA DISTRICT SCHOOL BOARD

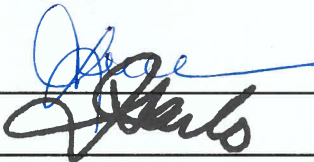
## Consolidated Statement of Financial Position

As at August 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial assets</b>		
Cash and cash equivalents	\$ 21,643,645	\$ 9,604,901
Other investments (note 2)	989,935	763,596
Accounts receivable - other (note 3)	14,445,353	26,190,059
Accounts receivable - approved capital funding (note 4)	74,473,697	73,564,936
<b>Total financial assets</b>	<b>111,552,630</b>	<b>110,123,492</b>
<b>Liabilities</b>		
Temporary borrowing (note 5)	23,500,000	10,000,000
Accounts payable and accrued liabilities	15,716,470	21,556,988
Net debenture debt, capital loans and leases (note 6)	57,639,594	62,079,754
Deferred revenue (note 7)	35,786	1,414,526
Deferred capital contributions (note 8)	230,769,659	207,020,047
Employee future benefits liability (note 9)	2,247,316	2,213,636
Asset retirement obligations (note 10)	9,764,845	9,516,465
<b>Total liabilities</b>	<b>339,673,670</b>	<b>313,801,416</b>
<b>Net debt</b>	<b>(228,121,040)</b>	<b>(203,677,924)</b>
<b>Non-financial assets</b>		
Prepaid expenses	1,330,342	1,174,018
Tangible capital assets (note 11)	247,832,678	224,737,436
<b>Total non-financial assets</b>	<b>249,163,020</b>	<b>225,911,454</b>
<b>Contingent liabilities (note 21)</b>		
<b>Accumulated surplus (note 12)</b>	<b>\$ 21,041,980</b>	<b>\$ 22,233,530</b>

See accompanying notes to the consolidated financial statements.

On behalf of the Board:



Director of Education



Chair of the Board

# ALGOMA DISTRICT SCHOOL BOARD

## Consolidated Statement of Operations and Accumulated Surplus

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

	2025 Budget	2025 Actual	2024 Actual
Revenue:			
Core education funding (note 13):			
- Provincial legislative grants	\$ 142,766,743	\$ 154,272,832	\$ 150,626,458
- Education property tax	19,046,010	20,275,147	19,896,000
Provincial grants - other	9,931,511	8,526,624	22,990,216
School generated funds revenues	3,516,849	4,438,117	4,278,235
Federal grants and fees	7,156,291	8,470,950	7,407,109
Investment income	300,000	566,722	760,285
Other fees and revenues from school boards	180,000	224,449	199,611
Fees and revenues from other sources	1,592,084	3,004,393	2,832,243
Amortization of deferred capital contributions			
- Related to Provincial legislative grants	26,262,092	15,785,067	16,239,545
- Related to third parties	376,243	70,004	93,542
Total revenue	211,127,823	215,634,305	225,323,244
Expenses (note 14):			
Instruction	133,865,496	145,488,156	150,740,238
Administration	6,129,565	7,490,837	6,872,016
Transportation	12,237,186	11,901,195	11,912,739
Pupil accommodation	49,570,463	41,379,585	41,527,590
School generated funds expenses	3,423,181	3,938,832	3,931,621
Other	6,534,355	6,627,250	9,250,577
Total expenses	211,760,246	216,825,855	224,234,781
Annual (deficit) surplus	(632,423)	(1,191,550)	1,088,463
Accumulated surplus, beginning of year	22,233,530	22,233,530	21,145,067
Accumulated surplus, end of year	\$ 21,601,107	\$ 21,041,980	\$ 22,233,530

See accompanying notes to the consolidated financial statements.

# ALGOMA DISTRICT SCHOOL BOARD

## Consolidated Statement of Change in Net Debt

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

	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	\$ (632,423)	\$ (1,191,550)	\$ 1,088,463
Tangible capital assets:			
Acquisition of tangible capital assets	(45,870,618)	(39,604,683)	(35,701,779)
Amortization of tangible capital assets	27,014,579	16,366,619	17,126,419
Amortization of tangible capital assets - asset retirement obligation	467,626	391,202	367,961
Change of estimate of asset retirement obligation	-	(248,380)	(369,989)
Change of estimate of tangible capital assets - asset retirement obligation	-	-	21,882
Proceeds on disposal of tangible capital assets	-	-	235,000
Gain on sale allocated to deferred revenue	-	-	(218,172)
	(18,388,413)	(23,095,242)	(18,538,678)
Other non-financial asset activity:			
Acquisition of prepaid expenses	-	(1,330,342)	(1,174,018)
Use of prepaid expenses	1,174,018	1,174,018	664,931
	1,174,018	(156,324)	(509,087)
Change in net debt	(17,846,818)	(24,443,116)	(17,959,302)
Net debt, beginning of year	(203,677,924)	(203,677,924)	(185,718,622)
Net debt, end of year	\$ (221,524,742)	\$ (228,121,040)	\$ (203,677,924)

See accompanying notes to consolidated financial statements



# ALGOMA DISTRICT SCHOOL BOARD

## Consolidated Statement of Cash Flows

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

	2025	2024
Operating transactions:		
Annual deficit	\$ (1,191,550)	\$ 1,088,463
Items not involving cash:		
Amortization of tangible capital assets	16,366,619	17,126,419
Amortization of tangible capital assets - asset retirement obligation	391,202	367,961
Amortization of deferred capital contributions	(15,855,071)	(16,333,087)
Increase of asset retirement obligation excluding settlements	248,380	230,948
Increase of tangible capital assets - asset retirement obligations asset excluding amortization on tangible capital assets - asset retirement obligations	(248,380)	(348,107)
Deferred gain on disposal of restricted assets	-	(218,172)
	(288,800)	1,914,425
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable - other	11,744,706	(8,933,893)
(Decrease) increase in accounts payable and accrued liabilities	(5,840,518)	1,626,087
Decrease in deferred revenue	(1,378,740)	(1,258,486)
Increase (decrease) in employee future benefits liability	33,680	(329,722)
Increase in prepaid expenses	(156,324)	(509,087)
Settlement of asset retirement obligation through abatement	-	(491,012)
Cash provided by operating transactions	4,114,004	(7,981,688)
Capital transactions:		
Cash used to acquire tangible capital assets	(39,604,683)	(35,701,779)
Proceeds on disposal of tangible capital assets	-	235,000
Cash applied to capital transactions	(39,604,683)	(35,466,779)
Investing transactions:		
Increase in other investments	(226,339)	(763,596)
Financing transactions:		
Increase in temporary borrowings	13,500,000	10,000,000
Net debenture debt, capital loans and leases issued	805,415	1,164,074
Net debenture debt, capital loans and leases principal repayments	(5,245,575)	(5,003,192)
(Increase) decrease in accounts receivable - Approved Capital Funding	(908,761)	6,107,700
Net additions to deferred capital contributions	39,604,683	28,639,561
Cash provided by financing transactions	47,755,762	40,908,143
Increase (decrease) in cash and cash equivalents	12,038,744	(3,303,920)
Cash and cash equivalents, beginning of year	9,604,901	12,908,821
Cash and cash equivalents, end of year	\$ 21,643,645	\$ 9,604,901

See accompanying notes to consolidated financial statements.

# ALGOMA DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements

Year ended August 31, 2025

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The principal activity of the Algoma District School Board (the "Board") is to administer the operations of the English elementary and secondary schools in the District of Algoma.

### 1. Significant accounting policies:

The consolidated financial statements of the Board have been 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:

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

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

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

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian public sector accounting standards which 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;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 1. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

### (b) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board, including:

- (i) School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.
- (ii) Algoma & Huron-Superior Transportation Services Consortium is accounted for using the proportional consolidation method of accounting and reporting, whereby the Board's pro-rated share of net assets, revenues and expenses are combined in the statements.

Interdepartmental and inter-organizational transactions are eliminated in these consolidated financial statements.

All inter-entity transactions and balances have been eliminated.

### (c) Trust funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

### (d) Cash and cash equivalents:

Cash and cash equivalents comprise of cash on hand and demand deposits and short-term investments. Short-term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

# ALGOMA DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

### 1. Significant accounting policies (continued):

#### (e) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

##### Fair value

The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment.

At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

##### Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to the acquisition of investments are added to the amortized cost. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

##### Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Cost
Term deposits	Cost
Treasury bills	Amortized cost
Accounts receivable	Amortized cost
Temporary borrowing	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Net debenture debt, capital loans and leases	Amortized cost
Bonds	Amortized cost

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 1. Significant accounting policies (continued):

### (e) Financial instruments (continued):

#### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability and are therefore not recognized in these financial statements. For letters of guarantee and letters of credit relating to construction, disclosure is done at the face value of the guarantee or letter of credit.

#### Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

### (f) Deferred revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services, performance obligations and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services are performed.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 1. Significant accounting policies (continued):

### (g) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

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

### (h) Retirement and other employee future benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity, service awards, worker's compensation and long-term disability benefits. 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 the Principals and Vice-Principals Associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO) and, Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-2018: Canadian Union of Public Employees Education Workers' Benefit Trust (CUPE EWBT), and Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff. Currently ONE-T ELHTs also provide benefits to individuals who retired prior to the school board's participation date in the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Core education funding including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

Depending on prior arrangements and employee groups, the Board continues to provide health, dental and life insurance benefits for retired individuals that were previously represented by the following unions/federations: ETFO, OSSTF and CUPE.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 1. Significant accounting policies (continued):

### (h) 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. In prior years, the cost of retirement gratuities that vested or accumulated over the periods of service provided by the employee were actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities is 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. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses were recognized as at August 31, 2012. 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.

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.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.
- (iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

# ALGOMA DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

### 1. Significant accounting policies (continued):

#### (i) Tangible capital assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction and legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

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Land improvements	15 years
Buildings	40 years
Portable structures	20 years
Equipment	5 - 15 years
First-time equipping	10 years
Furniture	10 years
Computer hardware	3 years
Vehicles	5 - 10 years
Capital leases – computer hardware	Term of lease

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

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.



# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 1. Significant accounting policies (continued):

### (j) Asset retirement obligation:

Asset Retirement Obligations (ARO) are provisions for legal obligations for the retirement of tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

there is a statutory, contractual or legal obligation to incur retirement costs in relation to a tangible capital asset;

- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up;
- a reasonable estimate of the amount can be made

A corresponding amount is added to the carrying value of the related tangible capital asset and is then amortized over its remaining useful life.

The estimated amounts of future costs to retire the asset is reviewed annually and adjusted to reflect the current best estimate of the liability. Adjustments may result from changes in the assumption used to estimate the amount required to settle the obligation. These amounts are recognized as an increase or decrease in the carrying amount of the asset retirement obligation liability, with a corresponding adjustment to the carrying amount of the related asset. If the related asset is no longer in productive use, all subsequent changes in the estimate of the liability for the ARO are recognized as an expense in the period incurred.

### (k) Prepaid expenses:

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

### (l) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

# ALGOMA DISTRICT SCHOOL BOARD

## Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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### 1. Significant accounting policies (continued):

#### (m) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include the determination of the liability for employee future benefits, the estimated useful life of tangible capital assets and asset retirement obligations. Actual results could differ from these estimates.

These estimates are reviewed annually and, as adjustments become necessary, they are recorded in the period in which they become known.

#### (n) Government transfer:

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

Government transfers for capital are deferred as required by Ontario Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

#### (o) Other revenues:

Other revenues from transactions with performance obligations, for example, fees or royalties from the sale of goods or rendering of services, are recognized as the board satisfies a performance obligation by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, for example, fines and penalties, are recognized when the board has the authority to claim or retain an inflow of economic resources and when a past transaction or event is an asset. Amounts received prior to the end of the year that will be recognized in subsequent fiscal year are deferred and reported as a liability.

#### (p) Education property tax revenue:

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

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 1. Significant accounting policies (continued):

### (q) Investment income:

Investment income earned is reported as revenue in the period earned.

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

## 2. Other investments:

Other investments are comprised of fixed income Canadian treasury bills, term deposits, and bonds which are recorded at cost or amortized cost. The other investments earn interest at rates between 3.85% and 6.15% with maturity dates between May 2026 and September 2034.

## 3. Accounts receivable – other:

	2025	2024
Government of Ontario	\$ 4,809,855	\$ 20,045,328
Government of Canada	1,954,439	1,963,935
First Nations	–	599,992
Local governments	1,290,598	1,205,820
Other school boards	224,442	199,611
CSGN Three River Capital Contribution	3,635,917	–
Other	2,530,102	2,175,373
	<b>\$ 14,445,353</b>	<b>\$ 26,190,059</b>

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 \$3,163,168 (2024 - \$4,523,180).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 4. Accounts receivable – approved capital funding:

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

	2025	2024
Government of Ontario	\$ 74,473,697	\$ 73,564,936

## 5. Temporary borrowing:

The Board has lines of credit available to the maximum of \$55,000,000 to address operating requirements and to bridge capital expenditures.

Interest on the operating facilities is the bank's prime lending rate, while capital demand bridge loan is 1.05% per annum. All loans are secured by a borrowing resolution, due on demand and are in the form of bankers' acceptance notes and bank overdrafts.

As at August 31, 2025, the amount drawn under the demand bridge loans facility was \$23,500,000 (2024 - \$10,000,000). Borrowings outstanding under this facility shall be repaid with bi-annual payments from the Ministry of Education. Included in the consolidated statement of operations and accumulated surplus is interest on temporary borrowings totalling \$874,689 (2024 - \$199,171).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 6. Net debenture debt, capital loans and leases:

Net debenture debt, capital loans and leases reported on the consolidated statement of financial position consist of the following:

	2025	2024
<u>Net debenture debt and capital loans:</u>		
Loans payable to the Ontario Financing Authority with interest rates ranging from 2.993% to 5.232%, due in semi-annual installments including interest, with maturity dates ranging from November 2031 to March 2040	\$ 56,305,770	\$ 60,341,316
<u>Capital Leases:</u>		
De Lage Landen capital lease due \$19,087 annually including interest at 6% per annum, maturing November 2024	–	18,007
Dell Financial Services capital lease due \$106,226 annually including interest at 6% per annum, maturing December 2024	–	100,213
Dell Financial Services capital lease due \$115,186 annually including interest at 6% per annum, maturing May 2025	–	108,666
De Lage Landen capital lease due \$174,598 annually including interest at 6% per annum, maturing July 2025	–	164,715
Dell Financial Services capital lease due \$25,121 annually including interest at 6% per annum, maturing December 2026	23,699	46,057
Dell Financial Services capital lease due \$331,147 annually including interest at 6% per annum, maturing August 2026	177,283	479,651
De Lage Landen capital lease due \$6,934 annually including interest at 6% per annum, maturing August 2026	6,541	12,712
Dell Financial Services capital lease due \$66,542 annually including interest at 6% per annum, maturing August 2027	177,867	230,575
De Lage Landen capital lease due \$28,504 annually including interest at 6% per annum, maturing August 2027	76,191	98,769
De Lage Landen capital lease due \$780 annually including interest at 6% per annum, maturing August 2028	2,084	2,702
Dell Financial Services capital lease due \$259,831 annually including interest at 6% per annum, maturing August 2028	245,124	476,371
Dell Financial Services capital lease due \$42,125 annually including interest at 6% per annum, maturing August 2029	145,969	–
Dell Financial Services capital lease due \$138,254 annually including interest at 6% per annum, maturing August 2029	479,066	–
	\$ 57,639,594	\$ 62,079,754

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 6. Net debenture debt, capital loans and leases (continued):

The net debenture debt and capital loans of the Board are subject to non-financial debt covenants. The Board is in compliance with all net debenture debt and capital loans non-financial covenants as of August 31, 2025.

Principal and interest payments relating to net debenture debt, capital loans and leases outstanding are due as follows:

	Principal	Interest	Total
2025 - 2026	\$ 4,870,203	\$ 2,178,563	\$ 7,048,766
2026 - 2027	4,596,009	1,974,074	6,570,083
2027 - 2028	4,781,904	1,789,345	6,571,249
2028 - 2029	4,879,741	1,596,898	6,476,639
2029 - 2030	4,895,375	1,402,149	6,297,524
Thereafter	33,616,362	5,915,275	39,531,637
	<u>\$ 57,639,594</u>	<u>\$ 14,856,304</u>	<u>\$ 72,495,898</u>

Included in the consolidated statement of operations and accumulated surplus is interest on net debenture debt, capital loans and leases totalling \$2,330,408 (2024 - \$2,502,388).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 7. Deferred revenue:

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at August 31, 2025 is comprised of:

	Balance as at August 31, 2024	Contributions received and externally restricted investment income	Revenue recognized in the period	Transfers to deferred capital contributions	Balance as at August 31, 2025
Rural and Northern Education Fund	\$ 586,698	\$ 260,522	\$ (847,220)	\$ –	\$ –
Third party – capital grants	24,859	7,499	–	(32,358)	–
Special Education Allocation - Regular	–	30,251,750	(30,251,750)	–	–
Provincial grants	611,133	4,665,876	(5,277,009)	–	–
Temporary accommodation	18,207	35,874	–	(54,081)	–
Third party – operating grants	147,099	2,414	(147,099)	–	2,414
School renewal	26,530	3,367,071	–	(3,360,229)	33,372
Total deferred revenue	\$ 1,414,526	\$ 38,591,006	\$ (36,523,078)	\$ (3,446,668)	\$ 35,786

## 8. Deferred capital contributions:

Deferred capital contributions include grants and contributions received that are used for the acquisition or development of depreciable tangible capital assets in accordance with Ontario Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset.

	2025	2024
Opening balance	\$ 207,020,047	\$ 194,713,573
Additions to deferred capital contributions	39,604,683	28,656,385
Revenue recognized in the period	(15,855,071)	(16,333,087)
Disposal of tangible capital assets	–	(16,824)
Closing balance	\$ 230,769,659	\$ 207,020,047

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 9. 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, 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 \$2,474,703 (2024 - \$2,500,557) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

#### (iii) Retirement gratuities:

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

#### (iv) Retirement Life Insurance and Health Care Benefits:

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an 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, do not qualify for board subsidized premiums or contributions.



# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 9. Employee future benefits (continued):

### (b) Other employee future benefits:

#### (i) Workplace Safety and Insurance Board 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 school boards to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where the previously negotiated collective agreement included such provision.

#### (ii) Long-term Disability Salary Compensation:

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

#### (iii) Sick Leave Top-Up Benefits:

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$107,006 (2024 - \$74,550).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2025 and is based on the average daily salary and banked sick days of employees as at August 31, 2025.

#### (iv) Life Insurance Benefits:

The Board provides a separate life insurance benefits plan for certain retirees. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the board's prior arrangements, retirees' premiums could be subsidized by the Board. The benefit costs and liabilities related to the subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 9. Employee future benefits (continued):

### (b) Other employee future benefits (continued):

#### (v) Health Care and Dental Benefits:

The Board sponsors a separate plan for certain retirees to provide group health care and dental benefits. The premiums are based on the Board experience or the rate for active employees. Depending on the year in which a retiree has retired and the Board's prior arrangements, retirees' premiums could be subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

The accrued benefit obligations for employee future benefit plans as at August 31, 2025 are based on actuarial assumptions of future events determined for accounting purposes as at August 31, 2025 and based on updated average daily salary and banked sick days as at August 31, 2025. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2025	2024
Inflation	2.0%	2.0%
Wage and salary escalation	0.0%	0.0%
Insurance and health care cost escalation	4.0%	4.0%
Discount on accrued benefit obligation	3.8%	3.8%

The Board has internally appropriated an amount for retirement gratuities totaling \$541,926 (2024 - \$787,279).

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

			2025	2024
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Accrued employee futures benefits obligations	\$ 537,404	\$ 1,704,024	\$ 2,241,428	\$ 2,192,366
Actuarial loss (gain) in fiscal year	735	1,366	2,101	(9,978)
Unamortized actuarial gain	3,787	—	3,787	31,248
Employee future benefit liability	\$ 541,926	\$ 1,705,390	\$ 2,247,316	\$ 2,213,636

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 9. Employee future benefits (continued):

Accrued benefit liability		2025		2024	
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits	
Balance, beginning of year	\$ 807,435	\$ 1,406,201	\$ 2,213,636	\$ 2,543,358	
Prior year unamortized loss	(31,248)	–	(31,248)	(77,913)	
Current period benefit costs	–	755,228	755,228	578,053	
Interest cost	24,493	41,834	66,327	84,236	
Benefits paid	(263,276)	(499,239)	(762,515)	(935,368)	
	537,404	1,704,024	2,241,428	2,192,366	
Actuarial loss (gain) in fiscal year	735	1,366	2,101	(9,978)	
Unamortized actuarial gain	3,787	–	3,787	31,248	
Balance, end of year	\$ 541,926	\$ 1,705,390	\$ 2,247,316	\$ 2,213,636	

Employee future benefit expense <sup>1</sup>		2025		2024	
	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits	
Current year benefit cost	\$ –	\$ 755,228	\$ 755,228	\$ 578,053	
Interest on accrued benefit obligation	24,493	41,834	66,327	84,236	
Amortization of actuarial (gain) loss	(26,726)	1,366	(25,360)	(56,643)	
	\$ (2,233)	\$ 798,428	\$ 796,195	\$ 605,646	

<sup>1</sup> Excluding pension contributions to the Ontario Municipal Employees Retirement system, a multi-employer pension plan, described in Note 9(a)(ii).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 10. Asset retirement obligations:

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
Liabilities for asset retirement obligations at beginning of year	\$ 9,516,465	\$ 9,776,529
Increase in liabilities reflecting changes in the estimate of liabilities <sup>1</sup>	248,380	369,989
Liabilities settled during the year	–	(491,012)
Disposal of property	–	(139,041)
Liabilities for asset retirement obligations at end of year	\$ 9,764,845	\$ 9,516,465

<sup>1</sup> Reflecting changes in the estimated cash flows and the discount rate

The board made an inflation adjustment increase in estimates of 2.61% as at March 31, 2025 (3.66% as at March 31, 2024), in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index ("BCPI") survey during the 2024 calendar year, as well as an adjustment to true up the estimated rate that was used at March 31, 2024. This rate is being used to update costs assumptions made in the ARO costing models in order to be reflective of March 31, 2025 costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate (based on the 2023 calendar year) to the actual rate for the 12-month period ending March 31, 2024.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

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

## 11. Tangible capital assets:

Cost	Balance, August 31, 2024	Additions and transfers	Disposals, write-offs and adjustments	Revaluation of ARO	Balance at August 31, 2025
Land	\$ 5,643,333	\$ -	\$ -	\$ -	\$ 5,643,333
Land improvements	22,706,227	2,032,008	-	6,464	24,744,699
Buildings	368,028,953	17,720,705	-	241,916	385,991,574
Portable structures	556,590	-	-	-	556,590
Equipment (5 years)	41,790	49,343	-	-	91,133
Equipment (10 years)	2,916,925	9,314	(48,618)	-	2,877,621
Equipment (15 years)	20,335	-	-	-	20,335
First-time equipping (10 years)	1,115,173	257,409	-	-	1,372,582
Furniture	1,141,840	-	(109,502)	-	1,032,338
Computer hardware	2,604,923	260,003	(953,352)	-	1,911,574
Vehicles	576,495	75,426	(84,646)	-	567,275
Capital leases - computer hardware	7,680,765	805,415	(392,559)	-	8,093,621
Construction in progress	9,604,511	18,395,060	-	-	27,999,571
	\$ 422,637,860	\$ 39,604,683	\$ (1,588,677)	248,380	\$ 460,902,246

Accumulated amortization	Balance, August 31, 2024	Amortization	Disposals, write-offs and adjustments	Balance at August 31, 2025
Land	\$ -	\$ -	\$ -	-
Land improvements	17,953,006	1,188,189	-	19,141,195
Buildings	170,855,717	12,988,396	-	183,844,113
Portable structures	326,885	46,372	-	373,257
Equipment (5 years)	22,565	13,292	-	35,857
Equipment (10 years)	832,178	290,160	(48,618)	1,073,720
Equipment (15 years)	16,946	1,356	-	18,302
First-time equipping (10 years)	481,156	124,838	-	605,994
Furniture	587,644	108,872	(109,502)	587,014
Computer hardware	1,234,667	752,750	(953,352)	1,034,065
Vehicles	266,693	114,377	(84,646)	296,424
Capital leases - computer hardware	5,322,967	1,129,219	(392,559)	6,059,627
Construction in progress	-	-	-	-
	\$ 197,900,424	\$ 16,757,821	\$ (1,588,677)	213,069,568

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 11. Tangible capital assets (continued):

	Net book value August 31, 2025	Net book value August 31, 2024
Land	\$ 5,643,333	\$ 5,643,333
Land improvements	5,603,504	4,753,221
Buildings	202,147,461	197,173,236
Portable structures	183,333	229,705
Equipment (5 years)	55,276	19,225
Equipment (10 years)	1,803,901	2,084,747
Equipment (15 years)	2,033	3,389
First-time equipping (10 years)	766,588	634,017
Furniture	445,324	554,196
Computer hardware	877,509	1,370,256
Vehicles	270,851	309,802
Capital leases - computer hardware	2,033,994	2,357,798
Construction in progress	27,999,571	9,604,511
	<b>\$ 247,832,678</b>	<b>\$ 224,737,436</b>

The net book value of tangible capital assets not being amortized because they are under construction is \$27,999,571 (2024 - \$9,604,511).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 12. Accumulated surplus:

The Board segregates its accumulated surplus in the following categories:

	2025	2024
Total operating accumulated surplus, unappropriated	\$ 11,858,477	\$ 12,430,336
Available for budget compliance, internally appropriated:		
Retirement gratuities	541,926	787,279
Capital	8,781,561	9,293,107
Other	116,618	174,247
	9,440,105	10,254,633
Total accumulated surplus for budget compliance	21,298,582	22,684,969
Unavailable for budget compliance:		
Employee future benefits	(1,310,279)	(1,310,279)
Interest to be accrued	(629,666)	(716,420)
School generated funds	3,166,721	2,667,436
Revenues recognized for land	5,643,333	5,643,333
Asset retirement obligation	(7,126,711)	(6,735,509)
	(256,602)	(451,439)
Total accumulated surplus	\$ 21,041,980	\$ 22,233,530

## 13. 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. 80.9% (2024 - 75.7%) 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	\$ 154,272,832	\$ 150,626,458
Education property tax	20,275,147	19,896,000
Core education funding	\$ 174,547,979	\$ 170,522,458

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 14. Expenses by object:

The following is a summary of the expenses reported on the consolidated statement of operations and accumulated surplus by object:

	2025 Budget	2025 Actual	2024 Actual
Current expenses:			
Salary and wages	\$ 123,598,543	\$ 135,058,120	\$ 141,337,494
Employee benefits	21,831,910	22,733,772	22,755,531
Staff development	873,673	712,423	625,540
Supplies and services	16,266,363	17,459,969	18,304,262
Interest	2,376,340	3,205,097	2,701,559
Rental	69,020	157,041	97,474
Fees and contract services	15,495,613	15,823,293	15,955,331
School funded activities	3,423,181	3,938,832	3,931,621
Other	433,398	979,487	1,031,589
Amortization of tangible capital assets	27,014,579	16,366,619	17,126,419
Amortization of tangible capital assets – asset retirement obligation	467,626	391,202	367,961
	\$ 211,850,246	\$ 216,825,855	\$ 224,234,781

## 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, 2024 were \$281,045 (2023 - \$230,153). There are ongoing legal cases with uncertain outcomes that could affect future premiums paid by the Board.

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.



# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 15. Ontario School Board Insurance Exchange (OSBIE) (continued):

- 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 in the board of directors to buy out such liability.

## 16. Board Performs Duties of a Municipal Council:

The Board performs the duties of levying and collecting taxes, conducting elections of members, etc. in territory without municipal organization. The outlay by the Board in 2025 in respect of performing duties of municipal council is reported by area in a separate statement. Certain costs are recoverable through a levy on all rateable property in the area and other approved costs are recoverable through an offset to the local taxation revenue.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 17. First Nation fees:

Tuition and transportation fee revenue for education services provided to First Nations' students for the year are as follows:

	2025	2024
Batchewana First Nation	\$ 1,719,409	\$ 1,559,874
Brunswick House First Nation	480,179	400,668
Chapleau Cree First Nation	260,463	247,784
Chapleau Ojibwe	75,755	68,280
Garden River First Nation	3,225,433	2,616,660
Michipicoten First Nation	46,177	58,467
Mississauga First Nation	651,908	604,662
Serpent River First Nation	730,974	722,576
Thessalon First Nation	630,188	541,734
Temagami First Nation	—	15,486
	\$ 7,820,486	\$ 6,836,191

## 18. Repayment of "55 School Board Trust" Funding:

On June 1, 2003, the Board received funds 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.

## 19. Partnership in Algoma & Huron-Superior Transportation Services Consortium:

The Board provides transportation services in partnership with the Huron-Superior Catholic District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of Algoma & Huron Superior Transportation Services Consortium are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through Algoma & Huron-Superior District Transportation Consortium. The Board's consolidated statements reflect proportionate consolidation, whereby, it's the Algoma District School Board's pro-rata share of revenues and expenses. The Board's pro-rata share for 2025 is 69.5% (2024 - 73.61%).

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 19. Partnership in Algoma & Huron-Superior Transportation Services Consortium (continued):

The following provides condensed financial information.

	2025		2024	
	Total	Board portion	Total	Board portion
Operations:				
Revenues	\$ 18,220,255	\$ 12,662,895	\$ 17,919,235	\$ 13,190,345
Expenses	(18,220,255)	(12,662,895)	(17,919,235)	(13,190,345)
	\$ —	\$ —	\$ —	\$ —

## 20. Related party disclosures:

The Ontario Finance Authority ("OFA") was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Board. At August 31, 2025, \$56,305,770 (2024 - \$60,341,316) was owing to the OFA and is included in net debenture debt, capital loans and leases on the statement of financial position. Interest paid to OFA during the year was \$2,272,034 (2024 - \$2,424,585).

## 21. Contingent liabilities:

The Board is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The loss if any, from these contingencies will be accounted for in the year in which the matters are resolved. Management maintains adequate insurance to cover these matters. Amounts, if any, not covered by insurance are not determinable at this time and will be recorded in the period the matters are resolved.

## 22. Financial instruments:

Risks arising from financial instruments and risk management:

The Board's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Board's maximum credit exposure as at the statement of financial position date.

### (a) Credit risk:

The Board's principal financial assets are cash and accounts receivable 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.

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

## 22. Financial instruments (continued):

### (b) Market risk:

The Board is exposed to interest rate risk on its temporary borrowing and net debenture debt, all of which are regularly monitored.

The Board's financial instruments consist of cash, other investments, accounts receivable, accounts payable and accrued liabilities, and net debenture debt, capital loans and leases. 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.

### (c) 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.

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of net debenture debt, capital loans and leases are disclosed in Note 6. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at August 31, 2025	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 15,716,472	\$ -	\$ -	\$ -	15,716,472
Net debenture debt, capital loans and leases	3,902,251	3,146,515	25,915,495	39,531,637	72,495,898
	\$ 19,618,723	\$3,146,515	\$ 25,915,495	\$ 39,531,637	\$ 88,212,370

As at August 31, 2024	Within 6 months	6 - 12 months	1 - 5 years	5+ years	Total
Accounts payable and accrued liabilities	\$ 21,556,988	\$ -	\$ -	\$ -	21,556,988
Net debenture debt, capital loans and leases	4,326,202	3,145,971	25,835,210	44,427,013	77,734,396
	\$ 25,883,190	\$3,145,971	\$ 25,835,210	\$ 44,427,013	\$ 99,291,384

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 23. Future accounting standard 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.

(a) Standards 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):

(i) 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.

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.

(ii) 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

# ALGOMA DISTRICT SCHOOL BOARD

Notes to Consolidated Financial Statements (continued)

Year ended August 31, 2025

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## 23. Future accounting standard adoption (continued):

(a) (continued):

(ii) Reporting Model- PS 1202- Financial Statement Presentation:

- Increased clarity regarding presentation of budget comparatives on the statement of operations
- 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 on the statement of cash flows