

Consolidated Financial Statements of

**Waterloo Catholic  
District School Board**

Year ended August 31, 2020

November 23, 2020

## MANAGEMENT REPORT

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

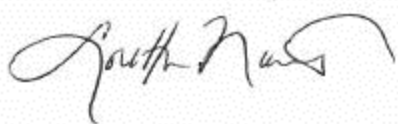
The accompanying consolidated financial statements of the Waterloo Catholic District School Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions described in note 1(a) to the consolidated financial statements.

A summary of the significant accounting policies is 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 Board's internal auditor, and the audit team shared between school boards in the area.

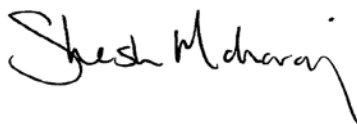
The Audit Committee of the Board meets with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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



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Loretta Notten  
Director of Education



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Shesh Maharaj  
Chief Financial Officer



## *Independent auditor's report*

To the Board of Trustees of  
Waterloo Catholic District School Board

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### *Our opinion*

In our opinion, the accompanying consolidated financial statements of Waterloo Catholic District School Board and its organizations (together, the Board) as at August 31, 2020 and for the year then ended are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the consolidated financial statements.

#### **What we have audited**

The Board's consolidated financial statements comprise:

- the consolidated statement of financial position as at August 31, 2020;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in net debt for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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### *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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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### *Emphasis of matter – basis of accounting*

We draw attention to note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the Board to comply with the financial reporting requirements of the Ontario Ministry of Education. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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### *Other matter*

The budget financial information of the Board for the year ended August 31, 2020, is unaudited.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the basis of accounting described in note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.
- 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 consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario  
November 24, 2020

# Waterloo Catholic District School Board

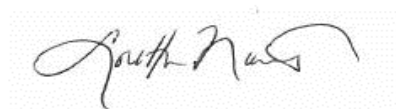
## Consolidated Statement of Financial Position

August 31, 2020 with comparative figures for 2019

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ 34,507,851	\$ 26,259,657
Accounts receivable (note 2)	29,251,896	24,824,114
Accounts receivable - Government of Ontario approved capital (note 3)	59,469,574	65,492,355
<b>Total financial assets</b>	<b>123,229,321</b>	<b>116,576,126</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	33,078,637	20,946,361
Deferred revenue (note 5)	27,968,209	28,151,819
Deferred capital contributions (note 6)	258,411,976	257,001,573
Retirement and other employee future benefits payable (note 7)	5,291,535	4,989,167
Net debenture debt and capital leases (note 8)	51,663,339	58,519,808
<b>Total liabilities</b>	<b>376,413,696</b>	<b>369,608,728</b>
<b>Net debt</b>	<b>(253,184,375)</b>	<b>(253,032,602)</b>
<b>Non-financial assets</b>		
Prepaid expenses	443,960	638,097
Tangible capital assets (note 10)	289,830,397	288,292,770
<b>Total non-financial assets</b>	<b>290,274,357</b>	<b>288,930,867</b>
Contractual obligations and contingencies (notes 13 and 15)		
<b>Accumulated surplus (note 16)</b>	<b>\$ 37,089,982</b>	<b>\$ 35,898,265</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Loretta Notten, Director of Education



Bill Conway, Chair of the Board

# Waterloo Catholic District School Board

## Consolidated Statement of Operations

August 31, 2020 with comparative figures for 2019

	2020 Budget (Note 18) Unaudited	2020 Actual	2019 Actual
<b>Revenues</b>			
Provincial grants - grants for student needs	\$ 283,044,947	\$ 281,747,736	\$ 279,482,115
Provincial grants - other	3,075,927	5,054,274	5,023,136
Federal grants and fees	1,895,227	1,642,818	1,986,272
Other fees and revenues	11,119,431	10,133,933	14,726,379
Investment income	250,000	491,584	523,300
School fundraising	5,401,284	3,411,600	5,794,282
<b>Total revenues</b>	<b>304,786,816</b>	<b>302,481,945</b>	<b>307,535,484</b>
<b>Expenses</b>			
Instruction	238,166,508	239,520,783	237,756,330
Administration	9,301,512	10,018,356	9,146,552
Transportation	6,764,925	6,233,894	6,382,547
Pupil accommodation	44,735,779	41,854,025	42,686,790
School funded activities	5,338,162	3,250,776	5,619,351
Other	397,975	412,394	565,542
<b>Total expenses (note 12)</b>	<b>304,704,861</b>	<b>301,290,228</b>	<b>302,157,112</b>
<b>Annual surplus</b>	<b>81,955</b>	<b>1,191,717</b>	<b>5,378,372</b>
Accumulated surplus, beginning of year	35,898,265	35,898,265	31,148,498
Ministry adjustment (note 19)	-	-	(628,605)
	35,898,265	35,898,265	30,519,893
<b>Accumulated surplus, end of year</b>	<b>\$ 35,980,220</b>	<b>\$ 37,089,982</b>	<b>\$ 35,898,265</b>

See accompanying notes to consolidated financial statements.

# Waterloo Catholic District School Board

## Consolidated Statement of Cash Flows

August 31, 2020 with comparative figures for 2019

	2020	2019
<b>Operating activities</b>		
Annual surplus	\$ 1,191,717	\$ 5,378,372
<b>Sources and (uses):</b>		
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	17,062,082	16,584,773
Grants recognized for deferred capital contributions	(17,062,082)	(16,584,773)
Gain on sale of tangible capital assets	(546,500)	(2,568,985)
Increase (decrease) in retirement and other employee future benefits payable	302,368	(113,952)
Ministry adjustment	-	(628,605)
Transfer from deferred revenue to deferred capital contributions	4,721,405	4,189,748
	4,477,273	878,206
<b>Changes in non-cash assets and liabilities:</b>		
Decrease in accounts receivable	1,594,999	8,389,752
Increase (decrease) in accounts payable and accrued liabilities	12,132,276	(458,604)
Decrease in deferred revenue	(221,410)	(383,308)
Decrease in prepaid expenses	194,137	197,499
	13,700,002	7,745,339
<b>Cash provided by operating activities</b>	19,368,992	14,001,917
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	1,306,325	4,190,781
Cash used to acquire tangible capital assets	(19,359,534)	(24,457,882)
<b>Cash applied to capital activities</b>	(18,053,209)	(20,267,101)
<b>Financing activities</b>		
Capital grants received	13,751,080	16,906,890
Decrease in deferred revenue - capital	37,800	68,718
Debt repaid and sinking fund contributions	(6,856,469)	(6,519,426)
<b>Cash provided by financing activities</b>	6,932,411	10,456,182
Change in cash and cash equivalents	8,248,194	4,190,998
Cash and cash equivalents, beginning of year	26,259,657	22,068,659
<b>Cash and cash equivalents, end of year</b>	\$ 34,507,851	\$ 26,259,657
	2020	2019
<b>The components of cash and cash equivalents are as follows:</b>		
Cash	\$ 34,472,177	\$ 26,223,983
Cash equivalents	35,674	35,674
	\$ 34,507,851	\$ 26,259,657
	2020	2019
Cash paid for interest	\$ 2,919,596	\$ 3,304,165
Cash received for interest	491,584	523,300

See accompanying notes to consolidated financial statements.



# Waterloo Catholic District School Board

## Consolidated Statement of Changes in Net Debt

August 31, 2020 with comparative figures for 2019

	2020 Budget Unaudited	2020 Actual	2019 Actual
Annual surplus	\$ 81,955	\$ 1,191,717	\$ 5,378,372
<b>Tangible capital asset activity</b>			
Acquisition of tangible capital assets	(33,625,393)	(19,359,534)	(24,457,882)
Amortization of tangible capital assets	17,848,208	17,062,082	16,584,773
Gain on sale of tangible capital assets	-	(546,500)	(4,869,357)
Proceeds on sale of tangible capital assets	-	1,306,325	4,190,781
<b>Total tangible capital asset activity</b>	(15,777,185)	(1,537,627)	(8,551,685)
<b>Other non-financial asset activity</b>			
Acquisition of prepaid expenses	(443,960)	(443,960)	(638,097)
Use of prepaid expenses	443,960	638,097	835,596
<b>Total other non-financial asset activity</b>	-	194,137	197,499
Increase in net debt	(15,695,230)	(151,773)	(2,975,814)
Net debt, beginning of year	(253,032,602)	(253,032,602)	(249,428,183)
Ministry adjustment	-	-	(628,605)
	(253,032,602)	(253,032,602)	(250,056,788)
<b>Net debt, end of year</b>	<b>\$ (268,727,832)</b>	<b>\$ (253,184,375)</b>	<b>\$ (253,032,602)</b>

See accompanying notes to consolidated financial statements.

# Waterloo Catholic District School Board

## Notes to Consolidated Financial Statements

Year ended August 31, 2020

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As disciples of Christ, the mission of the Waterloo Catholic District School Board (Board) is to educate and to nurture hope in all learners to achieve their full potential to transform God's world.

### **1. Significant accounting policies:**

The consolidated financial statements have been prepared by management in accordance with the basis of accounting described below.

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

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

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 different from the requirements of Canadian Public Sector Accounting Standards (PSAB). Canadian public sector accounting standards require that:

- government transfers, which contain a stipulation that creates a liability, are deferred and recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with Canadian 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 Canadian Public Sector Accounting Standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with Canadian Public Sector Accounting Standard PS3510.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

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

Accordingly, 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.

School generated funds, which include 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.

Student Transportation Services of Waterloo Region (STSWR) is a transportation consortium operated through a partnership agreement between the Board and the Waterloo Region District School Board whereby certain costs are shared. As a result, a proportionate amount of STSWR's assets and liabilities have been consolidated with the Board's financial statements.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and bank balances.

### (d) 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 and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

### (e) Deferred capital contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contributions (DCC) 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

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

### (f) Retirement and other employee future benefits payable:

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

As part of negotiated collective agreements for unionized employees that bargain centrally the OECTA Employee Life and Health Trust (ELHTs) was established in 2016-2017. The following ELHTs were established in 2017-2019: CUPE, Unifor and ONE-T for non-unionized employees. The ELHTs provide health, life and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), other school board staff and retired individuals up to the school board's participation date into the ELHT. These benefits are being provided through a joint governance structure between the bargaining/employee groups, school board trustee associations and the Government of Ontario. Upon transition of the employee groups' health, dental and life benefits plans to the ELHT, school boards are required to remit a negotiated amount per full-time equivalency (FTE) on a monthly basis. Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN),

The Board continues to provide health, dental and life insurance benefits for a small group of grand-fathered retired OECTA and CUPE individuals.

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 at retirement, insurance and health care cost 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 (if applicable) at retirement and discount rates. As a result of the plan change, the cost of retirement gratuities are actuarially determined using the employee's salary, banked sick days and years of service as at August 31, 2012 and management's best estimate of discount rates. The changes resulted in a plan curtailment and any unamortized actuarial gains and losses are 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 service life of the employee group.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 1. Significant accounting policies (continued):

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities and 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. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining 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 workers' compensation, long-term disability, and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise;

(ii) The costs of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer defined pension plan benefit, are the employer's contributions due to the plan in the period; and

(iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

### (g) 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. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Leases which transfer substantially all of 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, except land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Land improvements with finite lives	15
Buildings and building improvements	40
Portable structures	20
First-time equipping	10
Furniture	10
Equipment	5-15
Computer hardware and software	5
Vehicles	5-10
Leasehold improvements, leased buildings	Over the lease term

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

Assets under construction and assets that related 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 cease to be amortized and the carrying value is written down to the lower of carrying value and 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.

### (h) Government transfers:

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.

Government transfers for capital that meet the definition of a liability are referred to as DCC. Amounts are recognized into revenue as the liability is depreciated over the useful life of the tangible capital asset. DCC and tangible capital assets will differ by land, which is not depreciated, and items which are not directly supported by the Ministry, such as computer purchases. These unsupported tangible capital assets are funded through operating dollars.

### (i) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government, investment income earned on externally restricted funds such as pupil accommodation, education development charges (EDC) and special education forms part of the respective deferred revenue balances.

### (j) Net debenture debt and capital leases:

Net debenture debt and capital leases are recorded net of related sinking fund balances.

### (k) 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.

### (l) Use of estimates:

The preparation of consolidated financial statements (note 1(a)) in conformity with the basis of accounting 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. Significant items subject to such estimates and assumptions

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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## 1. Significant accounting policies (continued):

include the carrying amount of tangible capital assets, valuation allowances for receivables, estimating provisions for accrued liabilities and obligations related to employee future benefits.

Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

### (m) Property tax revenue:

Under Canadian PSAB guidelines, the entity that determines and sets the tax levy records the revenue in the financial statements. In the case of the Board, this is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as Provincial Grants.

### (n) Adoption of new accounting standards:

The entity has adopted the following new Canadian Public-Sector Accounting Standards, which became effective for fiscal years beginning on or after April 1, 2017. Adoption of these standards has resulted in no retrospective adjustments.

#### (i) PS 2200, Related Party Disclosures

This section defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel, Board members, and close family members. This new section defines a related party and establishes disclosure required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

#### (ii) PS 3420, Inter-entity Transactions

This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

#### (iii) PS 3210, Assets

This section provides guidance for applying the definition for assets set out in PS 1000, financial statement concepts, and establishes general disclosure standards for assets.

#### (iv) PS 3320, Contingent Assets

This section defines and establishes disclosure standards for contingent assets when the occurrence of a confirming future event is likely. Contingent assets are not recorded in the consolidated financial statements.

#### (v) PS 3380, Contractual Rights

This section defines and establishes disclosure standards for contractual rights when rights to economic resources will result in both an asset and revenue in the future.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 2. Accounts receivable:

Accounts receivable consists of the following:

	2020	2019
Province of Ontario	\$ -	\$ 11,563,354
Local Municipalities	21,403,721	6,447,489
Other	7,848,175	6,813,271
	<u>\$ 29,251,896</u>	<u>\$ 24,824,114</u>

As a way to support local taxpayers affected by COVID-19, the Province of Ontario supported municipalities in their request to have property taxes deferred for a number of months. This has resulted in an increased accounts receivable balance from local municipalities in the amount of \$21,403,721 (2019 - \$6,447,489). This amount will be fully recovered by the Board in the 2020-2021 school year.

## 3. Accounts receivable - Government of Ontario approved capital:

The Province of Ontario replaced variable capital funding with a one-time debt support grant on August 31, 2010. The Board received a one-time grant that recognized 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. The Board may also receive yearly capital grants to support capital programs which would be reflected in this accounts receivable balance.

The Board has a receivable balance from the Province of Ontario of \$59,469,574 as at August 31, 2020 (2019 - \$65,492,355) with respect to capital grants.

## 4. Accounts payable - Government of Ontario:

As outlined in Note 3 above, the Province of Ontario allowed municipalities to defer their payments of education related tax levies to school boards. As an offset, the province provided a top up cash flow payment of \$14,191,838 (2019 - \$nil) to the Board. As each municipality will settle their outstanding receivable balance with the Board during 2020-2021 school year, so too will the Board have to repay the province for their cashflow support.



# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 5. Deferred revenue:

Revenues received which 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, 2020, is comprised of:

	Balance at August 31, 2019	Externally restricted revenue and interest	Revenue recognized	Transferred to DCC	Balance at August 31, 2020
Proceeds of disposition	\$ 14,035,025	\$ 1,344,415	\$ -	\$ 4,721,405	\$ 10,658,035
School renewal	-	3,748,712	210,997	1,820,393	1,717,322
Child care retrofit	71,077	-	-	-	71,077
Special education equipment	94,915	867,146	791,938	-	170,123
Labour framework	1,093,118	-	17,010	-	1,076,108
Third Party	12,738,802	7,482,527	6,624,715	267,098	13,329,516
Other grants	118,882	2,917,514	2,090,368	-	946,028
	\$ 28,151,819	\$ 16,360,314	\$ 9,735,028	\$ 6,808,896	\$ 27,968,209

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 6. Deferred capital contributions:

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

	2020	2019
Deferred capital contributions, beginning of year	\$ 257,001,573	\$ 252,489,708
Add:		
Capital contributions received	11,883,416	12,553,880
Transfers from deferred revenue	6,808,896	8,404,163
Less:		
Revenue recognized in the year	(17,062,082)	(16,584,755)
Disposal and reclassification of tangible capital assets	(219,827)	138,577
Deferred capital contributions, end of year	\$ 258,411,976	\$ 257,001,573

## 7. Retirement and other employee future benefits:

Retirement and other employee future benefits as of August 31, 2020 were as follows:

(a) Employee future benefits liabilities:

			2020		2019
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits		Total employee future benefits
Accrued employee future benefit obligations at August 31	\$ 1,537,816	\$ 3,931,484	\$ 5,469,300	\$	5,086,384
Unamortized actuarial loss/(gain)	(177,739)	(26)	(177,765)		(97,217)
Employee future benefits liabilities	\$ 1,360,077	\$ 3,931,458	\$ 5,291,535	\$	4,989,167

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

(b) Employee future benefits expenses:

			2020	2019
Retirement and other employee future benefit liabilities	Retirement benefits	Other employee future benefits	Total employee future benefits	Total employee future benefits
Current year benefit cost	\$ -	\$ 1,307,014	\$ 1,307,014	\$ 1,124,695
Plan amendment	-	-	-	245,861
Recognized actuarial loss	25,270	(72,061)	(46,791)	(322,436)
Interest on accrued benefit obligation	30,323	70,665	100,988	143,820
Employee future benefit expenses	\$ 55,593	\$ 1,305,618	\$ 1,361,211	\$ 1,191,940

Actuarial losses are due to the change in the discount rate used for the retirement gratuity benefits are being amortized over Expected Average Remaining Service Life (EARSL) of 6.66 years. During the year, benefit payments of \$1,059,242 (2019 - \$1,306,181) were made.

Retirement life insurance and health care benefits have been grand-parented for existing retirees and employees who retired on or before August 31, 2013. Effective September 1, 2013, any new retiree accessing retirement life Insurance and health care benefits pays the full premiums for such benefits and will be included in a separate experience pool that is self-funded.

Pension plans:

(i) Ontario Teacher's Pension Plan:

Employees with an Ontario College of Teachers certificate are eligible to be members of the Ontario Teacher's Pension Plan (OTPP). Employer contributions for these employees are provided directly to OTPP by the Province. 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.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

### (ii) Ontario Municipal Employees Retirement System:

Most support staff 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 employee contributions to the plan. During the year ended August 31, 2020, the Board contributed \$4,404,667 (2019 - \$3,988,461) 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 plan is included in the Board's consolidated financial statements.

### Retirement benefits:

#### (i) Retirement gratuities:

The retirement gratuity plan entitles employees to a cash payment upon retiring into an OMERS or OTPP pension with 10 or more years of service. The gratuity is the lesser of (i) \$4,000 and (ii) \$40/day up to a maximum of 50% of unused sick leave days as at August 31, 2012.

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 at August 31, 2012.

### Other employee future benefits:

#### (i) Workplace Safety and Insurance Board obligation:

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 and does have a stop loss insurance policy that limits claim payments to \$300,000. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

#### (ii) Long-term disability benefits:

The Board provides long-term disability benefits including partial salary compensation and payment of life insurance premiums and health care benefits during the period an employee is unable to work or until their normal retirement date to employees who are not members of an ELHT. 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.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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

### (iii) Sick leave top-up benefits:

As a result of new changes made in 2013 to the short-term sick leave and disability plan, a maximum of 11 unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the financial statements are \$155,583 (2019 - \$139,809).

The accrued benefit obligation for the sick leave top-up is based on an actuarial valuation for accounting purposes as of August 31, 2020. This actuarial valuation is based on assumptions about future events.

### (iv) Life insurance benefits

The Board provides a separate life insurance benefits plan for certain retirees. 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 subsidization of these retirees under this group plan are included in the Board's consolidated financial statements.

### (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 and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are included in the Board's consolidated financial statements.

### Actuarial assumptions:

The accrued benefit obligations for retirement and other employee future benefit plans as at August 31, 2020 are based on actuarial valuations for accounting purposes as at August 31, 2020. The next actuarial valuation will be available for the year ended August 31, 2021. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2020	2019
Inflation	2.00%	1.50%
Wage escalation	0.00%	0.00%
Dental insurance premium escalation	4.50%	4.50%
Health insurance premium escalation (thereafter down linearly by 0.25% per annum until 4.5% is reached)	7.25%	7.25%
Discount on accrued benefit obligations	1.40%	2.00%

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 8. Net debenture debt and capital leases:

Net debenture and capital lease debt are reported on the Consolidated Statement of Financial Position is comprised of the following:

	2020	2019
CIBC Mellon, interest rate of 7.2%, matures June 9, 2025	\$ 1,374,919	\$ 1,596,217
CIBC Mellon, interest rate of 6.55%, matures October 19, 2026	16,363,770	18,326,723
Region of Waterloo, interest rate of 5.487%, matures November 5, 2023	6,394,324	8,009,559
Ontario Financing Authority, interest rate of 4.560%, matures November 15, 2031	3,283,665	3,496,704
Ontario Financing Authority, interest rate of 4.850%, matures March 3, 2033	1,108,793	1,169,870
Ontario Financing Authority, interest rate of 5.062%, matures March 13, 2034	1,313,797	1,378,131
Ontario Financing Authority, interest rate of 4.762%, matures November 15, 2029	4,627,368	5,004,710
Ontario Financing Authority, interest rate of 5.232%, matures April 13, 2035	1,205,448	1,257,770
Ontario Financing Authority, interest rate of 3.942%, matures September 19, 2025	1,329,834	1,549,135
Ontario Financing Authority, interest rate of 4.833%, matures March 11, 2036	2,951,255	3,073,187
Ontario Financing Authority, interest rate of 2.425%, matures November 15, 2021	1,646,081	2,710,865
Ontario Financing Authority, interest rate of 3.564%, matures March 9, 2037	2,585,265	2,695,902
Ontario Financing Authority, interest rate of 3.799%, matures March 19, 2038	7,478,820	7,767,479
Capital lease obligation (a)	-	483,556
Balance as at August 31	\$ 51,663,339	\$ 58,519,808

- (a) The Board leased a school under a 25-year lease bearing interest of 10.761%. The lease reverted to the owner at the end of the lease on July 31, 2020.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 8. Net debenture debt and capital leases (continued):

Principal and interest payments relating to net debenture debt and capital leases of \$51,663,339 are due as follows:

	Principal	Interest	Total
2020-2021	\$ 6,702,487	\$ 2,602,247	\$ 9,304,734
2021-2022	6,488,528	2,254,153	8,742,681
2022-2023	6,273,660	1,906,967	8,180,627
2023-2024	5,617,797	1,546,399	7,164,196
2024-2025	4,898,848	1,248,918	6,147,766
Thereafter	21,682,019	4,324,970	26,006,989
	<b>\$ 51,663,339</b>	<b>\$ 13,883,654</b>	<b>\$ 65,546,993</b>

Interest on long-term debt amounted to \$2,975,076 (2019 - \$3,360,010).

## 9. Debt charges, capital loans and lease interest:

The principal and interest payments for net debentures, capital leases, operating leases, and sinking fund contributions are as follows:

	2020	2019
Principal payments on net debenture debt including contributions to sinking funds	\$ 6,372,915	\$ 6,060,832
Principal payments on capital leases	483,554	458,594
Payments on operating leases	814,183	389,853
Interest payments on net debenture debt	2,931,819	3,243,902
Interest payments on capital leases	43,257	116,108
	<b>\$ 10,645,728</b>	<b>\$ 10,269,289</b>

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 10. Tangible capital assets:

<b>Cost</b>	Balance at August 31, 2019	Additions and transfers	Disposals and transfers	Balance at August 31, 2020
Land	\$ 29,825,271	\$ 776,623	\$ 540,000	\$ 30,061,894
Land improvements	3,964,361	519,306	45,569	4,438,098
Buildings	357,009,072	8,027,404	1,567,777	363,468,699
Portable structures	7,337,376	-	5,475,000	1,862,376
First-time equipping	2,349,458	3,258	68,026	2,284,690
Equipment – 5 years	697,468	369,534	99,996	967,006
Equipment – 10 years	6,381,751	774,843	499,438	6,657,156
Equipment – 15 years	224,682	22,621	-	247,303
Furniture	557,119	295,962	-	853,081
Computer hardware	7,475,522	489,678	1,402,899	6,562,301
Computer software	697,998	155,374	131,249	722,123
Vehicles	405,594	228,181	143,477	490,298
Leasehold improvements	15,391,471	1,779,534	-	17,171,005
Construction in progress	507,044	5,246,391	-	5,753,435
Leased buildings	28,436,520	675,040	-	29,111,560
Leased computers	473,680	-	473,680	-
Leased vehicles	24,869	-	-	24,869
	<b>\$ 461,759,256</b>	<b>\$ 19,363,749</b>	<b>\$ 10,447,111</b>	<b>\$ 470,675,894</b>

<b>Accumulated Amortization</b>	Balance at August 31, 2019	Additions and transfers	Disposals and transfers	Balance at August 31, 2020
Land improvements	\$ 1,663,321	\$ 392,585	\$ 27,355	\$ 2,028,551
Buildings	129,435,198	12,584,159	1,366,166	140,653,191
Portable structures	6,595,203	77,824	5,475,000	1,198,027
First-time equipping	1,212,431	223,677	68,026	1,368,082
Equipment – 5 years	500,737	167,174	99,996	567,915
Equipment – 10 years	5,271,067	574,575	499,438	5,346,204
Equipment – 15 years	30,425	16,601	-	47,026
Furniture	168,240	69,627	-	237,867
Computer hardware	4,435,344	1,139,054	1,402,899	4,171,499
Computer software	259,091	129,476	131,249	257,318
Vehicles	300,607	71,631	143,477	228,761
Leasehold improvements	6,615,342	885,799	-	7,501,141
Leased buildings	16,480,931	734,115	-	17,215,046
Leased computers	473,680	-	473,680	-
Leased vehicles	24,869	-	-	24,869
	<b>\$ 173,466,486</b>	<b>\$ 17,066,297</b>	<b>\$ 9,687,286</b>	<b>\$ 180,845,497</b>



# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 10. Tangible capital assets (continued):

Net Book Value	Balance at August 31, 2019	Balance at August 31, 2020	Change
Land	\$ 29,825,271	\$ 30,061,894	\$ 236,623
Land improvements	2,301,040	2,409,547	108,507
Buildings	227,573,874	222,815,508	(4,758,366)
Portable structures	742,173	664,349	(77,824)
First-time equipping	1,137,027	916,608	(220,419)
Equipment – 5 years	196,731	399,091	202,360
Equipment – 10 years	1,110,684	1,310,952	200,268
Equipment – 15 years	194,257	200,277	6,020
Furniture	388,879	615,214	226,335
Computer hardware	3,040,178	2,390,802	(649,376)
Computer software	438,907	464,805	25,898
Vehicles	104,987	261,537	156,550
Leasehold improvements	8,776,129	9,669,864	893,735
Construction in progress	507,044	5,753,435	5,246,391
Leased buildings	11,955,589	11,896,514	(59,075)
Leased computers	-	-	-
Leased vehicles	-	-	-
	\$ 288,292,770	\$ 289,830,397	\$ 1,537,627

Assets under construction having a value of \$5,753,435 (2019 - \$507,044) have not been amortized. Amortization of these assets will commence when the asset is put into service.

The grants recognized for deferred capital contributions for the year ended August 31, 2020 were \$17,062,082 (2019 - \$16,584,773) and the amortization of tangible capital assets was \$17,062,082 (2019 - \$16,584,773).

## 11. Temporary borrowing:

The Board has lines of credits available to a maximum of \$20 million to address operating requirements and/or to bridge capital expenditures.

Interest on the operating facilities are based on the CIBC's prime lending rate. All loans are unsecured, due on demand and are in the form of bank overdrafts.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 12. Expenses by object:

The following is a summary of certain current and capital expenditures reported on the Consolidated Statement of Operations by object:

	2020 Budget (unaudited)	2020 Actual	2019 Actual
<b>Current expenditures:</b>			
Salaries and wages	\$ 208,912,051	\$ 207,852,356	\$ 208,034,939
Employee benefits	35,193,303	36,216,912	35,265,977
Staff development	694,040	778,161	989,040
Supplies and services	18,174,356	18,268,701	16,907,668
Debt charges and interest	2,862,858	2,862,857	3,254,388
Rental expenditures	738,000	814,183	389,853
Fees and contract services	14,394,311	13,258,917	14,470,164
Other	544,025	925,282	536,737
School funded activities	5,338,162	3,250,776	5,619,351
Amortization and loss on disposals	17,853,755	17,062,083	16,688,995
	<b>\$304,704,861</b>	<b>\$301,290,228</b>	<b>\$ 302,157,112</b>

## 13. Contractual obligations:

At August 31, 2020, the Board is committed to the following contracts for construction:

St. Boniface (Breslau)	\$ 7,372,818
St. Benedict Secondary School	1,421,250
St. Francis Kitchener - Continuing Education	1,258,917
St. Clement Elementary School	822,102
St. Teresa of Calcutta Elementary School	186,900
Weber Street – Board Office	113,377
Other contractual obligations	1,317,667
	<b>\$ 12,493,031</b>

## 14. Ontario School Board Insurance Exchange (OSBIE):

The Ontario School Boards' Insurance Exchange (OSBIE) is a school board owned, non-profit insurance program with 118 members, representing 78 school boards/school authorities and 40 Joint Ventures in Ontario. The primary goals of the Exchange are to insure member school boards against losses, and to promote safe school practices.

The Board participates as a member of OSBIE to manage the risks associated with casualty losses, liability arising out operations, and theft.

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 15. Contingencies:

The Board has an excess of loss (catastrophe) Workplace Safety and Insurance Board (WSIB) insurance policy of \$10,000,000 per accident, per employee, aggregate for disease, with a \$1,000,000 deductible per employee, per accident. As indicated above, the Board brings this deductible down to \$300,000 by participating in the School Boards' Cooperative Inc.'s Assistance Program. The Board has not provisioned for any possible WSIB claims that are highly likely to occur based on an actuarially determined assessment and that are in excess of the Board's deductible on its excess of loss insurance policy.

From time to time, claims may be made against the Board related to employment contracts, agreements, and other similar matters. Where insurance coverage is not available for a particular claim, and where payment to a third party can be estimated and is likely, accruals have been made in these financial statements to reflect any obligations that may exist. Management is in discussion with several employee groups with respect to pay equity. Details regarding the adjustments have not yet been finalized, however it is anticipated that an agreement and/or further details may be available during 2020-2021.

## 16. Accumulated surplus:

At August 31, accumulated surplus consists of the following:

	2020	2019
<b>Surplus:</b>		
Invested in land	\$ 30,061,890	\$ 29,825,267
Employee future benefits payable	(2,300,176)	(2,847,082)
Interest payable	(866,891)	(979,110)
Amounts restricted for future use:		
School generated funds	2,060,626	1,899,802
Committed capital	804,320	869,185
Other internally restricted reserves	7,330,213	7,130,203
	<b>\$ 37,089,982</b>	<b>\$ 35,898,265</b>

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

## 17. Student Transportation Services of Waterloo Region Inc.:

Student Transportation Services of Waterloo Region (STSWR) commenced operating activities in June 2008. As at August 31, 2020, the Board has proportionally consolidated 34.7% (2019 – 34.7%) of STSWR's assets and liabilities. The proportionate percentage incorporated into the consolidated financial statements is based on the ridership of each board. Inter-organizational transactions and balances have been eliminated. The consolidated financial statements include the Board's share of the following:

	2020	2019
Financial position:		
Financial assets	\$ 1,382,946	\$ 261,767
Financial liabilities	(1,438,063)	(277,036)
Non-financial assets	55,117	15,269
Accumulated surplus	\$ -	\$ -
Operations:		
Revenues	\$ 24,473,208	\$ 23,504,866
Expenses	24,473,208	23,504,866
Annual surplus	\$ -	\$ -

The Board has guaranteed the line of credit of Student Transportation Services of Waterloo Region Inc. up to a maximum of \$2,700,000.

## 18. Budget reconciliation

The budget approved by the Board on June 19, 2019 was not prepared on a Canadian Public Sector Accounting Standards basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget approved by the Board with adjustments as follows:

	2020 Unaudited
Budgeted annual surplus	\$ -
Add:	
Revenue recognized for land	(540,000)
Other amounts not available for compliance	621,955
Budgeted surplus per statement of operations	\$ 81,955

# Waterloo Catholic District School Board

Notes to Consolidated Financial Statements, continued

Year ended August 31, 2020

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## **19. Ministry adjustment**

During the prior year, the Ministry required the Board to amend the treatment of prior year land transactions filed through the Ministry reporting tool EFIS. As a result, an adjustment was required to ensure that Accumulated Surplus was appropriately stated for 2019. The adjustment was not material to the overall statements.

## **20. Significant event:**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. As a result of the COVID-19 outbreak, in March 2020, all school boards were closed in the Waterloo Region and schools remained closed until September 2020. As the impacts of COVID-19 continue, there could be further impacts on the Board, its students, and its funding sources. Management is actively monitoring the effect on the Board’s financial condition, liquidity, operation, suppliers, and workforce. Given the daily changes in the COVID-19 outbreak and the global responses to curb its spread, the Board is not able to fully estimate the future effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.