

Lester B. Pearson School Board
Financial Statements
June 30, 2022

Lester B. Pearson School Board
Summary
June 30, 2022

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Independent Auditor's Report

To the Council of Commissioners of
Lester B. Pearson School Board

Opinion

We have audited the financial statements of Lester B. Pearson School Board (the "School Board") which comprise the statement of financial position as at June 30, 2022, and the statements of operations, accumulated operating surplus changes in net debt and the cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School Board as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the School Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Without modifying our opinion, we draw your attention to the fact that we have also expressed an opinion on the financial statements included in the annual financial report presented on the form prescribed by the Ministère de l'Éducation for the year ended 30 June 2022.

The financial statements of the School Board for the year ended June 30, 2021 were audited by another auditor, Québec, Canada, who expressed an unmodified opinion on those statements on October 12, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the School Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the School Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Laval (Québec)
Le 28 octobre 2022

¹ CPA auditeur, permis de comptabilité publique n° A116671

Lester B. Pearson School Board
Statement of Financial Position
June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
FINANCIAL ASSETS		
Cash	1,874,666	1,679,434
Operating grants receivable (Note 4)	42,073,060	30,518,124
Grants related to the acquisition of property and equipment	291,649,834	272,959,625
Financing grants receivable	1,188,842	1,342,672
Accounts receivable (Note 5)	29,563,317	8,275,785
	<u>366,349,719</u>	<u>314,775,640</u>
LIABILITIES		
Temporary loans (note 6)	42,535,292	
Accounts payable (Note 7)	48,809,529	93,602,528
Deferred contributions related to the acquisition of property and equipment (Note 8)	280,230,953	262,496,976
Deferred revenues	3,760,162	4,206,564
Allowance for employee benefits (Note 9)	16,822,220	16,567,877
Environmental liability	1,217,199	1,371,029
Other liabilities (Note 10)	271,180,934	229,441,120
	<u>664,556,288</u>	<u>607,686,094</u>
NET DEBT	<u>(298,206,569)</u>	<u>(292,910,454)</u>
NON-FINANCIAL ASSETS		
Property and equipment (Note 11)	307,582,066	289,618,241
Prepaid expenditures	120,606	123,368
	<u>307,702,672</u>	<u>289,741,609</u>
ACCUMULATED OPERATING SURPLUS	<u>9,496,103</u>	<u>(3,168,845)</u>

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

Lester B. Pearson School Board

Statement of Operations

Year ended June 30, 2022

	2022	2021
	\$	\$
Revenues		
Ministère de l'Éducation (MEQ) operating grants	264,300,413	234,010,790
School taxes	62,804,858	63,023,130
Other operating revenues	26,067,980	21,835,329
Transportation grants – MEQ	7,001,571	6,413,031
	<u>360,174,821</u>	<u>325,282,280</u>
Expenditures		
Teaching services	162,094,381	152,025,878
Educational support activities	83,312,471	75,348,363
Extracurricular activities	13,470,152	12,931,135
Transportation	15,043,605	14,463,382
Administrative activities	13,777,426	13,411,859
Energy	5,187,181	4,575,457
Amortization of property and equipment	18,122,486	17,016,160
Maintenance and caretaking	19,764,702	18,643,807
Financing costs	49,815	723,162
Subsidized schools in the public interest	11,936,665	11,648,631
Other	4,316,033	18,463,020
Net change in the provision for fringe benefits	254,344	263,314
Amortization of financing fees	180,611	173,653
Loss on disposal of property and equipment		
	<u>347,509,874</u>	<u>339,687,821</u>
Excess of revenues over expenditures	<u>12,664,948</u>	<u>(14,405,541)</u>

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

Lester B. Pearson School Board

Statement of Accumulated Operating Surplus

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Surplus (Deficit), beginning of year	(3,168,845)	11,236,696
Excess of revenues over expenditures	12,664,948	(14,405,541)
Balance Surplus (Deficit), end of year	<u>9,496,103</u>	<u>(3,168,845)</u>

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

Lester B. Pearson School Board Statement of Changes in Net Debt

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	<u>(292,910,454)</u>	<u>(258,432,315)</u>
Excess of revenues over expenditures	<u>12,664,948</u>	<u>(14,405,541)</u>
Variations due to property and equipment		
Property and equipment purchases	<u>(36,086,311)</u>	<u>(37,055,064)</u>
Amortization of property and equipment	<u>18,122,486</u>	<u>17,016,160</u>
	<u>(17,963,825)</u>	<u>(20,038,904)</u>
Variation due to prepaid expenditures	<u>2,762</u>	<u>(33,694)</u>
Increase in net debt	<u>(5,296,115)</u>	<u>(34,478,139)</u>
Balance, end of year	<u><u>(298,206,569)</u></u>	<u><u>(292,910,454)</u></u>

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

Lester B. Pearson School Board

Statement of Cash Flows

Year ended June 30, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures	12,664,948	(14,405,541)
Non-cash items		
Doubtful accounts	401,554	271,174
Allowance for employee benefits	254,344	263,314
Prepaid expenditures	2,762	(33,694)
Amortization of deferred contributions related to the acquisition of property and equipment	(17,242,846)	(16,122,061)
Amortization of property and equipment	18,122,486	17,016,160
Variations due to operating assets and liabilities	39,522,435	70,272,383
Cash flows from operating activities	53,725,682	57,261,735
INVESTING ACTIVITIES		
Acquisition of property and equipment	(53,530,450)	(56,578,850)
Proceeds on disposal of property and equipment		
Cash flows from investing activities	(53,530,450)	(56,578,850)
Net increase (decrease) in cash	195,232	682,885
Cash, beginning of year	1,679,434	996,549
Cash, end of year	1,874,666	1,679,434

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

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The School Board was incorporated under decree 1014-97 of the Education Act on August 13, 1997. The financial statements have been prepared to satisfy the requirements of Section 287 of the Education Act (CQLR, c. I-13.3).

The School Board's mission is to organize, for the benefit of the persons who come under its jurisdiction, the educational services provided for by the Education Act and by the basic school regulations established by the Government. The School Board's mission is also to promote and enhance the status of public education within its territory, to see to the quality of educational services and the success of students so that the population may attain a higher level of formal education and qualification, and to contribute, to the extent provided for by law, to the social, cultural and economic development of its region.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and basis of presentation

The School Board's financial statements are prepared in accordance with Canadian public sector accounting standards of the *CPA Canada Public Sector Accounting Handbook*, and use of any other source of generally accepted accounting principles must be consistent with the Handbook. The information provided in the financial statements is based on management's best judgments and estimates.

Accounting estimates

The preparation of the School Board's financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the recognition of assets and liabilities, the presentation of assets and contingent liabilities at the financial statements date and the recognition of revenues and expenditures for the period presented in the financial statements. Estimates and assumptions were used to evaluate the main items, such as useful lives of property and equipment, accrued liabilities, allowance for employee benefits, provision for retrospective program of Commission des normes de l'équité, de la santé et de la sécurité du travail (CNESST) and environmental liability. Actual results may differ from management's best estimates.

Financial assets

Cash and cash equivalents

The School Board's policy is to present in cash and cash equivalents bank balances, including bank overdrafts whose balances fluctuate frequently from being positive to overdrawn.

Accounts receivable

Accounts receivable, excluding commodity taxes receivable, are initially recorded at cost and revalued at the net recoverable value with the use of an allowance for doubtful accounts. The annual variation of this provision is included in the expenditures.

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liabilities

Deferred contributions related to the acquisition of property and equipment

The contributions received for the acquisition of property and equipment are deferred and amortized in the statement of operations on the same basis and over the same period as the related property and equipment, in accordance with the stipulations of these government transfers.

Deferred revenues

Amounts received for revenues that will be earned in a subsequent period are deferred and presented as deferred revenues in liabilities in the statement of financial position.

Revenues can be recognized as deferred revenues if they meet the following three stipulations:

- Under purpose stipulations, the School Board has little or no discretionary power on how the transferred resources are used;
- Under time stipulations, the School Board has little or no discretionary power on the periods during which the received amounts must be used or consumed;
- Under accountability stipulations, execution is constantly monitored and failure to comply with the transfer conditions results in sanctions, such as repayment of the transferred resources.

Pension plans

Members of the School Board's staff participate in the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP), the Régime de retraite des enseignants (RRE) or the Régime de retraite du personnel d'encadrement (RRPE). These multiemployer plans are defined benefit plans with guaranteed retirement and death benefits. The School Board's contributions to these government retirement plans for the period are assumed by the Government of Quebec and are not included in the financial statements.

Allowance for employee benefits

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

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

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

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Environmental liability

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

The environmental liability includes estimated costs of contaminated site management and decontamination. The School Board used various methods to estimate the rehabilitation and management costs, including site characterization studies or comparative analyses. For each contaminated site, the estimated cost is increased to reflect the degree of accuracy associated with the method used. Costs are evaluated based on the best information available and reviewed annually.

Furthermore, the Government of Quebec stated that it would assume the costs of decontamination of contaminated land existing as at March 31, 2008 and inventoried as at March 31, 2011, as well as the variances of these liabilities as at June 30, 2022. Consequently, the School Board is able to recognize an account receivable from the Government of Quebec to offset the costs associated with this environmental liability. All liabilities recognized after March 31, 2011 for non-inventoried land at that date are assumed by the School Board and recorded in its operations for the related fiscal year.

Non-financial assets

Property and equipment

Property and equipment are non-financial assets acquired, built, developed or improved, whose useful lives extend beyond the period, and are intended to be used sustainably for the production of goods or delivery of service.

Property and equipment are recognized at cost. With the exception of land, the cost of property and equipment is amortized according to the straight-line method over the following periods:

	<u>Periods</u>
Land development	10 or 20 years
Buildings and major building improvements	25 to 50 years
Material and equipment	3 to 15 years
Specialized pedagogical equipment	10 or 20 years
Complex networks	20 years

Property and equipment under construction, development or improvement are not amortized until they are put into service.

Works of art and historical treasures consist primarily of paintings, sculptures, drawings and installations and their cost is expensed in the year of acquisition.

Items of property and equipment that are contributed or acquired for a nominal value are recognized at their fair value at the time of acquisition.

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment (Continued)

The amounts received from organizations are recognized in liabilities as deferred revenues and are gradually transferred to the operating results and amortized on the same basis and over the same period as the related property and equipment. However, the contributions received for the acquisition of land are recognized in revenues in the year of acquisition.

If circumstances indicate that an item of property and equipment no longer contributes to the School Board's ability to provide goods and services or that the value of the item's future economic benefits is less than its net carrying amount, the cost of the item of property and equipment is reduced to reflect the decline in value.

Prepaid expenditures

Prepaid expenditures represent payments made before the financial year-end for services which the School Board will benefit from during or beyond the upcoming fiscal years. These costs will be added to the expenditures when the School Board benefits from the services paid for.

Revenue recognition

Subsidy revenue from the MEQ and other ministries and organizations is recognized in the period during which the transfers are authorized and the School Board has satisfied the eligibility criteria for that period's budgetary rules. In management's opinion, the payment authorization is an integral part of the government transfer authorization process and, accordingly, subsidy revenue is not recognized until the payer has sufficient budget credits approved by the National Assembly. Subsidy revenue recognition may be deferred to a subsequent period when the School Board has satisfied certain conditions, which are described in the Deferred revenues accounting policy.

The revenues from the school taxes and the subsidies in lieu of taxes are managed by the CGTSIM and are recognized according to the share and confirmation received by the CGTSIM.

The School Board's main sources of revenues, other than contributions, are the student fees, the external sales and the recovery of direct costs that are accounted for in Other operating revenues. Revenues are recognized when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred;
- The price is fixed or determinable;
- Collection is reasonably assured.

Revenues are recognized as the services are rendered. Deferred revenues represent funds received for which revenues have not yet been earned.

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inter-entity transactions

Inter-entity transactions are transactions between entities controlled by the Government of Quebec or entities under shared control.

Assets received without consideration from a Government of Quebec reporting entity are recognized at the carrying amount. Services received at no cost are not recognized. Other inter-entity transactions are carried out at the exchange amount, that is, at the amount of the consideration given for the item transferred or service provided as established and agreed to.

3 - CASH FLOWS

	<u>2022</u>	<u>2021</u>
	\$	\$
Interest paid during the year	<u>81,615</u>	<u>146,875</u>

4 - OPERATING GRANTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
MEQ		
Youth, adult education and vocational education	41,507,229	29,930,907
Debt service	81,615	98,533
Transportation	256,530	219,785
Contaminated sites	180,932	166,315
Other grants	27,519	85,657
Ministère du Travail, de l'Emploi et de la Solidarité sociale	19,235	16,927
	<u>42,073,060</u>	<u>30,518,124</u>

5 - ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounts receivable – other	28,876,884	7,657,589
Sabbatical leave receivable	96,405	72,037
Commodity taxes receivable	590,028	546,159
	<u>29,563,317</u>	<u>8,275,785</u>

6 - TEMPORARY LOANS

Temporary loans are authorized monthly by the MEQ. The authorized line of credit is \$89,907,454 (none as at June 30, 2021). Temporary loans bear interest at the average rate of 3-month Quebec Treasury bills plus 0.02% and are guaranteed by the MEQ.

Lester B. Pearson School Board
Notes to Financial Statements
Year ended June 30, 2022

7 - ACCOUNTS PAYABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
Accounts payable and accrued liabilities	12,763,170	10,645,293
Salaries and benefits payable	26,155,038	40,049,454
Sabbatical leave payable	2,517,989	2,208,608
Holdbacks on contracts	7,373,331	6,127,261
Accounts payable – CGTSIM	—	34,571,912
	<u>48,809,529</u>	<u>93,602,528</u>

8 - DEFERRED CONTRIBUTIONS RELATED TO THE ACQUISITION OF PROPERTY AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, beginning of year	262,496,976	242,177,118
Revenues recognized as deferred contributions	34,976,823	36,441,919
Deferred contributions recognized as revenues for the year	<u>(17,242,846)</u>	<u>(16,122,061)</u>
Balance, end of year	<u>280,230,953</u>	<u>262,496,976</u>

9 - ALLOWANCE FOR EMPLOYEE BENEFITS

Among the long-term obligations under employee future benefit plans, the School Board has a sick leave program. Until June 30, 2016, in accordance with the various collective agreements, this program allowed certain employees to accumulate unused sick days to which they were entitled annually and monetize them in the event of termination, retirement or death. Moreover, in the context of early retirement, employees could elect to use these accumulated sick days as fully paid days of absence. Since July 1, 2016, employees may no longer accumulate sick days acquired after that date. Sick days will be paid annually on June 30th if they are not used at that date.

	<u>2022</u>	<u>2021</u>
	\$	\$
Sick leave	5,944,733	5,893,626
Vacation	7,387,419	7,427,120
Fringe benefits	2,449,055	2,416,923
Accumulated overtime, wage insurance coverage and other	1,041,013	830,208
	<u>16,822,220</u>	<u>16,567,877</u>

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

10 - OTHER LIABILITIES

	<u>2022</u>	<u>2021</u>
	\$	\$
CNESST's retrospective program provision	1,233,507	745,342
School Board's share of the debt subject to a pledge of grant held by the CGTSIM	268,257,620	227,204,426
Other	1,689,808	1,491,352
	<u>271,180,934</u>	<u>229,441,120</u>

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

11 - PROPERTY AND EQUIPMENT

	<u>2022</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Land and land development			
Land	10,800,787		10,800,787
Land development	26,770,915	5,341,856	21,429,059
Buildings			
Buildings	233,193,889	164,312,480	68,881,409
Major building improvements	237,236,497	46,217,520	191,018,978
Material and equipment	25,412,170	12,009,355	13,402,814
Specialized pedagogical equipment	4,265,223	2,228,944	2,036,279
Complex networks	27,178	14,438	12,740
	<u>537,706,659</u>	<u>230,124,593</u>	<u>307,582,066</u>
	<u>2021</u>		
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Land and land development			
Land	10,800,787		10,800,787
Land development	18,928,335	4,249,045	14,679,290
Buildings			
Buildings	233,193,889	160,650,649	72,543,240
Major building improvements	213,559,212	39,291,442	174,267,770
Material and equipment	25,592,120	10,322,523	15,269,597
Specialized pedagogical equipment	4,116,839	2,073,282	2,043,557
Complex networks	27,178	13,178	14,000
	<u>506,218,360</u>	<u>216,600,119</u>	<u>289,618,241</u>

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

11 - PROPERTY AND EQUIPMENT (Continued)

The total amount of property and equipment includes \$7,656,592 of property and equipment in progress or development (\$6,795,067 as at June 30, 2021), \$1,059,590 for land development (\$555,797 as at June 30, 2021) and \$6,597,002 for major improvements and transformation (\$6,239,270 as at June 30, 2021). No amortization is taken on these property and equipment.

During the year, additions to property, plant and equipment include an amount of nil (\$2,653,642 as of June 30, 2021) which is included in accounts payable and accrued liabilities. This transaction is excluded from the statement of cash flows.

12 - RISK MANAGEMENT AND FINANCIAL RISKS

Risk management policy

The School Board is exposed to various risks related to its financial instruments. The following provides a measure of risks at the year-end date, being June 30, 2022.

Financial risks

Credit risk

Credit risk is the risk of a counterparty defaulting on contractual obligations. The School Board's credit risk is mainly associated with accounts receivable, excluding commodity taxes receivable. To reduce its credit risk, the School Board regularly analyzes the balance of its accounts receivable and reserves an allowance for doubtful accounts, as necessary, based on their estimated realizable value.

The carrying amount of the School Board's main financial assets represents the maximum amount exposed to credit risk.

Interest rate risk

The interest rate risk is the risk that the financial instruments will vary unfavourably according to interest rate fluctuations, whether the interest rates are fixed or variable. Fixed interest rate financial instruments expose the School Board to a fair value risk and those with variable interest rates, to a cash flow risk.

Liquidity risk

The liquidity risk of the School Board is the risk that it has difficulties honouring its obligations in relation to its financial liabilities.

As a result, the School Board is exposed to liquidity risk on the totality of the financial liabilities accounted for in the statement of financial position.

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the School Board has financing sources for a sufficient authorized amount. The School Board establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

13 - CONTRACTUAL OBLIGATIONS AND RIGHTS

Contractual obligations

In the course of its operations, the School Board has entered into various long-term agreements. The most significant agreements have led to the following contractual obligations:

- An amount of \$16,692,911 for construction, renovation and land improvement agreements to be completed during 2022-2023;
- An amount of \$622,967 for long-term lease agreements for the rental of photocopiers, maturing between 2023 and 2027. Minimum lease payments for the next five years are \$243,892 in 2023, \$168,672 in 2024, \$154,600 in 2025, \$48,625 in 2026 and \$7,178 in 2027;
- An amount of \$1,998,569 for professional development to be completed during 2022-2023;
- An amount of \$289,493 for apprenticeship programs to be completed during 2022-2023;
- An amount of \$15,364,702 for school transportation contracts, which mature on June 30, 2023.

Contractual rights

The School Board has also entered into leases for the rental of premises expiring on various dates until 2030 which provide for the collection of rent totalling \$1,286,698 and allocated as follows for the next five years:

	\$
2023	242,451
2024	168,572
2025	166,617
2026	169,489
2027	127,630

14 - CONTINGENCIES

As at June 30, 2022, outstanding claims against the School Board amount to \$3,044,878 (\$1,951,451 as at June 30, 2021) and consist of various claims on construction contracts. Management has recorded a provision of \$813,041 as at June 30, 2022 (\$813,041 as at June 30, 2021). Any variation resulting from the outcome of these contingencies will be recognized in the statement of operations in the current fiscal year.

The School Board, like several other school organizations is the target of a collective action against *Les Frères du Sacré-Cœur* for acts perpetrated during the years 1940 to 1980. The school organizations are involved in the file as defendants in warranty. As of June 30, 2022, the outcome of this litigation as well as its financial impact for the School Board is indeterminate.

Lester B. Pearson School Board

Notes to Financial Statements

Year ended June 30, 2022

15 - RELATED PARTY TRANSACTIONS

In addition to the related party transactions, which are already reported in the financial statements and recognized at the exchange amount, the School Board is related to all the departments, special funds, organizations and enterprises controlled directly or indirectly by the Government of Quebec or under the common control or subject to the significant influence of the Government of Quebec. It is also related to its main directors, immediate family members and entities where one or more of these individuals have the power to direct the School Board's financial and administrative decisions. The School Board has not entered into any commercial transactions with any of these related parties, other than in the normal course of its operations and under normal commercial terms. These transactions are not reported separately in the financial statements.

16 - COMPARATIVE FIGURES

Certain figures for 2021 have been reclassified to conform to the presentation adopted in 2022.

Lester B. Pearson School Board Supplementary Information

Year ended June 30, 2022

(Unaudited)

The following supplementary information has been compiled. We have not performed an audit or a review engagement in respect of the supplementary information and, accordingly, we express no assurance thereon.

	<u>2022</u>	<u>2021</u>
	\$	\$
<i>BREAKDOWN OF OPERATING EXPENDITURES</i>		
Teaching services		
Kindergarten	12,560,514	11,681,841
Elementary	59,606,717	55,766,505
Secondary	51,435,647	49,328,035
Technical vocational	23,723,170	22,382,323
Educational intervention	7,014,980	6,267,550
Adult education	7,753,353	6,599,624
	<u>162,094,381</u>	<u>152,025,878</u>
Educational support activities		
Management of schools and centres	20,773,793	20,774,124
Educational material	5,513,304	4,690,109
Complementary services	37,546,113	34,429,114
Pedagogical services	13,291,539	11,834,191
Animation and pedagogical services	1,516,950	1,311,838
Professional development	349,547	177,578
Social, cultural and sports activities	4,321,224	2,131,409
	<u>83,312,471</u>	<u>75,348,363</u>
Extracurricular activities		
Living allocation	29,000	30,300
Food services	505,217	459,442
Transportation	15,043,605	14,463,382
Daycare	12,935,935	12,441,393
	<u>28,513,758</u>	<u>27,394,517</u>
Administrative activities		
Council of Commissioners	304,404	414,221
Management	10,049,261	9,770,952
Corporate services	3,403,180	3,213,872
Professional development	20,582	12,814
	<u>13,777,426</u>	<u>13,411,859</u>

Lester B. Pearson School Board

Supplementary Information

Year ended June 30, 2022

(Unaudited)

	<u>2022</u>	<u>2021</u>
	\$	\$
<i>BREAKDOWN OF OPERATING EXPENDITURES</i>		
<i>(Continued)</i>		
Property and equipment activities		
Furniture and equipment	193,554	110,668
Amortization of material and equipment	6,441,766	5,852,553
Building upkeep	7,100,709	5,759,673
Amortization of buildings	11,680,720	11,163,607
Caretaking services	11,629,172	11,743,316
Energy	5,187,181	4,575,457
Rental	374,196	237,759
Computer development – Not capitalized	304,828	379,725
Security	162,243	412,666
	<u>43,074,369</u>	<u>40,235,424</u>
Other		
Financing costs	49,815	723,162
Amortization of financing fees	180,611	173,653
Special projects	432,393	463,879
Subsidized schools in the public interest	11,936,665	11,648,631
Retroactivity	1,961,044	16,418,732
Allowance for doubtful account variation	502,691	341,313
Environmental liability – Revaluation	(12,983)	133,798
Loan of service	1,328,902	1,027,631
Miscellaneous	103,987	77,667
	<u>16,483,124</u>	<u>31,008,466</u>
Net change in the accrued provision for fringe benefits	254,344	263,314
Loss on disposal of property and equipment		
	<u>347,509,874</u>	<u>339,687,821</u>