

Consolidated Financial Statements of

**RAINBOW DISTRICT
SCHOOL BOARD**

And Independent Auditor's Report thereon
Year ended August 31, 2025

MANAGEMENT REPORT

Year ended August 31, 2025

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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



Director of Education



Superintendent of Business

December 18, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Rainbow District School Board

Opinion

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

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

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

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

We are independent of the Entity 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.



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

Emphasis of Matter - Financial Reporting Framework

We draw attention to note 1 to the consolidated financial statements which describes the basis of accounting used in the preparation of these financial statements.

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

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that serves as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
December 18, 2025

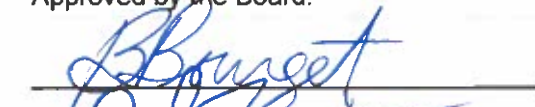

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Financial Position

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

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Financial Assets | | |
| Cash | \$ 21,835,232 | \$ 26,825,860 |
| Other investments (note 2) | 589,650 | 596,650 |
| Accounts receivable - other (note 3) | 8,738,480 | 8,055,318 |
| Accounts receivable - Government of Ontario (note 4) | 57,854,388 | 63,551,431 |
| Assets held for sale (note 5) | 436,898 | 436,898 |
| Total financial assets | 89,454,648 | 99,466,157 |
| Financial Liabilities | | |
| Temporary borrowing (note 6) | - | 2,657,025 |
| Accounts payable and accrued liabilities (note 7) | 16,321,487 | 24,949,903 |
| Net long-term liabilities (note 8) | 31,172,596 | 33,928,910 |
| Deferred revenue (note 9) | 14,529,064 | 14,339,176 |
| Deferred capital contributions (note 10) | 206,226,090 | 212,953,109 |
| Asset retirement obligations (note 11) | 20,087,989 | 19,622,110 |
| Retirement and other employee future benefits (note 12) | 8,291,733 | 8,757,844 |
| Total financial liabilities | 296,628,959 | 317,208,077 |
| Net debt | (207,174,311) | (217,741,920) |
| Non-financial assets: | | |
| Prepaid expenses | 4,131,384 | 5,612,631 |
| Tangible capital assets (note 13) | 232,497,742 | 241,023,709 |
| Total non-financial assets | 236,629,126 | 246,636,340 |
| Contractual obligations and commitments (note 19) | | |
| Accumulated surplus (note 17) | \$ 29,454,815 | \$ 28,894,420 |

Approved by the Board:


 _____, Director of Education

 _____, Chair of the Board

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Operations and Accumulated Surplus

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

| | 2025 Budget | 2025 Actual | 2024 Actual |
|--|----------------------|----------------------|----------------------|
| Revenues: | | | |
| Core education (note 15) | | | |
| Provincial legislative grants | \$ 180,404,057 | \$ 189,480,986 | \$ 186,639,012 |
| Education property tax | 34,759,934 | 36,202,180 | 35,207,031 |
| Provincial grants - other | 10,086,633 | 4,004,932 | 19,845,363 |
| Amortization of deferred capital contributions | | | |
| Related to provincial legislative grants | 21,705,295 | 22,128,194 | 20,141,615 |
| Related to third parties | 738,143 | 981,720 | 829,124 |
| Federal grants and fees | 5,788,896 | 6,290,074 | 5,741,841 |
| Other revenue from school boards | 862,139 | 937,815 | 875,532 |
| Other fees and revenue | 793,600 | 5,330,072 | 4,725,268 |
| Investment income | 550,000 | 934,968 | 1,045,658 |
| School fundraising | 4,708,000 | 6,071,124 | 5,207,181 |
| Total revenues | 260,396,697 | 272,362,065 | 280,257,625 |
| Expenses (note 16): | | | |
| Instruction | 177,650,645 | 190,249,611 | 199,447,291 |
| Administration | 5,901,550 | 7,092,226 | 6,249,304 |
| Transportation (note 20) | 17,400,779 | 17,656,649 | 17,104,769 |
| Pupil accommodation | 49,589,885 | 50,954,211 | 47,609,605 |
| School funded activities | 4,708,000 | 5,658,773 | 5,008,805 |
| Other expenses | 7,402,844 | 190,200 | 2,578,796 |
| Total expenses | 262,653,703 | 271,801,670 | 277,998,570 |
| Annual (deficit) surplus | (2,257,006) | 560,395 | 2,259,055 |
| Accumulated surplus, beginning of year | 21,603,281 | 28,894,420 | 26,635,365 |
| Accumulated surplus, end of year | \$ 19,346,275 | \$ 29,454,815 | \$ 28,894,420 |

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Change in Net Debt

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

| | 2025 | 2024 |
|---|------------------|------------------|
| Annual surplus | \$ 560,395 | \$ 2,259,055 |
| Tangible capital assets: | | |
| Acquisition of tangible capital assets and addition of TCA-ARO | (16,055,789) | (20,655,784) |
| Amortization of tangible capital assets | 25,073,745 | 22,890,638 |
| Loss of sale of TCA | (14,586) | (2,324) |
| Proceeds on sale of TCA | 14,586 | 83,689 |
| Transfer to assets held for sale | - | 436,898 |
| Changes in estimate of TCA-ARO | (491,989) | (668,061) |
| | 8,525,967 | 2,085,056 |
| Other non-financial assets: | | |
| Acquisition of prepaid expenses | (4,019,675) | (5,389,982) |
| Use of prepaid expenses | 5,500,922 | 2,523,714 |
| | 1,481,247 | (2,866,268) |
| Change in net debt | 10,567,609 | 1,477,843 |
| Net debt, beginning of year | (217,741,920) | (219,219,763) |
| Net debt, end of year | \$ (207,174,311) | \$ (217,741,920) |

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

RAINBOW DISTRICT SCHOOL BOARD

Consolidated Statement of Cash Flows

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

| | 2025 | 2024 |
|---|---------------|---------------|
| Operating transactions: | | |
| Annual surplus | \$ 560,395 | \$ 2,259,055 |
| Non cash items: | | |
| Amortization of TCA and transfers to AHFS | 23,833,480 | 22,123,952 |
| Amortization of TCA-ARO | 1,225,678 | 1,137,770 |
| Increase in ARO liabilities excluding settlements | 491,989 | 75,382 |
| Increase in TCA-ARO assets excluding amortization | (491,989) | (604,571) |
| Amortization of deferred capital contributions | (22,128,194) | (20,141,615) |
| Amortization of deferred capital contributions - 3rd Party | (981,720) | (829,124) |
| Increase in accounts receivable - other | (683,162) | (631,068) |
| Decrease in assets held for sale | - | 979,525 |
| (Decrease) increase in accounts payable and accrued liabilities | (8,628,416) | 4,424,370 |
| Increase (decrease) in deferred revenue | 189,888 | (629,416) |
| Decrease in retirement and other employee future benefits | (466,111) | (189,425) |
| Decrease (increase) in prepaid expenses | 1,481,247 | (2,866,268) |
| Settlement of ARO through abatement | (26,110) | (86,967) |
| Cash applied to operating transactions | (5,623,025) | 5,021,600 |
| Capital transactions: | | |
| Cash used to acquire tangible capital assets | (16,055,789) | (20,655,784) |
| Proceeds on disposal of tangible capital assets | 14,586 | 83,689 |
| Cash applied to capital transactions | (16,041,203) | (20,572,095) |
| Investing transactions: | | |
| Decrease (increase) in other investments | 7,000 | (37,000) |
| Net decrease (increase) in cash from investing | 7,000 | (37,000) |
| Financing transactions: | | |
| (Decrease) increase in temporary borrowing | (2,657,025) | 2,657,025 |
| Debt principal repayments | (2,761,919) | (2,628,563) |
| Long term liabilities issued | 5,606 | 457,193 |
| Decrease in accounts receivable - Government of Ontario | 5,697,043 | 7,225,753 |
| Net additions to deferred capital contributions | 16,382,895 | 24,475,520 |
| Net increase in cash from financing | 16,666,600 | 32,186,928 |
| Change in cash | (4,990,628) | 16,599,433 |
| Cash, beginning of year | 26,825,860 | 10,226,427 |
| Cash, end of year | \$ 21,835,232 | \$ 26,825,860 |

The accompanying notes to the consolidated financial statements are an integral part of this financial statement.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements

Year ended August 31, 2025

The Rainbow District School Board was created on January 1, 1998 in accordance with the Fewer School Boards Act, 1997 and the Education Quality Improvement Act, 1997.

1. Significant accounting policies:

The consolidated financial statements of the Rainbow District School Board (the “board”) have been prepared by management in accordance with the basis of accounting described below. The consolidated financial statements contain the following significant accounting policies:

(a) Basis of accounting:

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

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the consolidated statement of operations and accumulated surplus 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 amortization, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Ontario Regulation 395/11 of the Financial Administration Act are significantly different from the requirements of Canadian public sector accounting standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the consolidated statement of operations and accumulated surplus and certain related deferred revenues and deferred capital contributions may 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.

The consolidated financial statements include the following organizations:

- Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury ("SSSC") is accounted for using the proportionate consolidation method of accounting and reporting, whereby the board's pro-rata share of each of the net assets, liabilities, revenues and expenses are combined in the consolidated financial statements.
- School generated funds, which include the assets, liabilities, revenues and expenses that exist at the school level and which are deemed to be controlled by the board are reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated in the consolidated financial statements.

(c) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument held by the board.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

| Financial Instrument | Measurement Method |
|--|--------------------|
| Guaranteed investment certificates | Amortized Cost |
| Accounts receivable | Amortized Cost |
| Short-term borrowing | Amortized Cost |
| Accounts payable and accrued liabilities | Amortized Cost |
| Accrued vacation pay | Amortized Cost |
| Debenture debt | Amortized Cost |
| Cash and cash equivalents | Cost |

- Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to the acquisition of investments are added to the amortized cost. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.
- Cost: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(d) Cash and cash equivalents:

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

(e) Investments:

Since school boards are generally not allowed to hold stocks, mutual funds or other equity instruments per Ontario Regulation 41/10: Board Borrowing, Investing and Other Financial Matters, the board does not have equity instruments that are quoted in an active market that must be recorded at fair value.

The board has Other Investments in guaranteed investment certificates, which are recorded at amortized cost using the effective interest rate method.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(f) Deferred revenue:

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

(g) Deferred capital contributions:

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

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

(h) Public private partnerships:

Public private partnerships (P3) are an alternate financing and procurement model available to the board to use private sector partners to design, build, acquire or better new or existing infrastructure projects with higher risk, multi-year construction period and significant investments. Assets procured via P3 are recognized as tangible capital assets, at the schools board's cost, which represents the asset's fair value at the date of recognition, and the related obligations are recognized as other long-term financing liabilities for financial liability models and/or deferred revenue for P3 performance obligations arising from user pay obligations in the financial statements as the assets are constructed. At initial recognition, the total liability reflects the cost of the tangible capital asset less any consideration paid by the school board to the private sector partner.

The total liability for combined consideration arrangements is allocated between a financial liability and performance obligation based on the portion of the asset cost financed through the respective models. Financial liabilities are measured at amortized cost using the implicit contract rate.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(i) Purchased intangibles:

Purchased intangibles (PI) are identifiable non-monetary economic resources without physical substance that:

- Are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other intangible assets or tangible capital assets;
- Have useful economic lives extending beyond one year;
- Are to be used on a continuing basis;
- Are purchased through an arm's length exchange transaction between knowledgeable, willing parties that are under no compulsion to act;
- Are not for sale in the ordinary course of operations; and
- Are not held as part of a collection.

A purchased intangible asset is recognized and capitalized on its acquisition date and is recorded at acquisition cost as a non-financial asset.

(j) Retirement and other employee future benefits:

The board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, life insurance, health care benefits, dental benefits, retirement gratuity and worker's compensation.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the Principals and Vice-Principals Associations, the following number of Employee Life and Health Trusts (ELHTs) were established in 2016-17: Elementary Teachers' Federation of Ontario (ETFO) and Ontario Secondary School Teachers' Federation (OSSTF). The following ELHTs were established in 2017-18: Ontario Public Service Employees Union (OPSEU), Canadian Union of Public Employees (CUPE), and Ontario Non-Union Education Trust (ONE-T) for non-unionized employees including principals and vice-principals. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), and other school board staff.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

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

These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees' associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Core Education Funding, including additional ministry funding in the form of a Crown Contribution and Stabilization Adjustment.

The board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of 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. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days (if applicable) and years of service as at August 31, 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

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

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(k) Tangible capital assets:

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

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

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

| Asset | Estimated Useful Life in Years |
|-------------------------------------|--------------------------------|
| Land improvements with finite lives | 15 |
| Buildings and building improvements | 40 |
| Portable structures | 20 |
| First-time equipping of schools | 10 |
| Furniture | 10 |
| Equipment | 5-15 |
| Computer hardware | 3 |
| Vehicles | 5-10 |

Amortization is taken at 50% of the above rates in the year of acquisition. Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

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

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(l) Asset Retirement Obligations:

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

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

- there is a statutory, contractual or legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up;
- a reasonable estimate of the amount can be made.

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

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

(m) 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. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(n) Other revenues:

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

(o) Investment income:

Investment income is reported as revenue in the period earned.

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

(p) Budget figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees on June 17, 2024. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures presented have been adjusted to reflect the same accounting policies that were used to prepare the consolidated financial statements. The budget figures are unaudited.

(q) Use of estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in note 1(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include assumptions used in performing actuarial valuations of employee future benefit liabilities and any asset retirement obligations. Actual results could differ from these current estimates.

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

1. Significant accounting policies (continued):

(r) Education property tax revenue:

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

2. Investments:

The other investments consist of GICs recorded at amortized cost.

3. Accounts receivable - other:

| | 2025 | 2024 |
|----------------------|--------------|--------------|
| Municipalities | \$ 4,346,466 | \$ 4,273,893 |
| Government of Canada | 1,372,730 | 1,287,545 |
| Other | 3,019,284 | 2,493,880 |
| | \$ 8,738,480 | \$ 8,055,318 |

4. Accounts receivable - Government of Ontario:

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

The board has an account receivable from the Government of Ontario at August 31, 2025 in the amount of \$35,883,747 (2024 - \$40,987,130) with respect to capital grants.

The Ministry of Education introduced a cash management strategy effective September 1, 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of delayed grant payments included in the receivable balance from the Government of Ontario at August 31, 2025 is \$21,970,641 (2024 - \$19,531,793).

The accounts receivable from the Government of Ontario also includes operating grant receivable in the amount of \$Nil (2024 - \$3,032,508).

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

5. Assets held for sale:

As of August 31, 2025, \$436,898 (2024 - \$436,898) related to buildings were recorded as assets held for sale. During the year, no school property was sold. Net proceeds of \$Nil (2024 - \$4,834,004) were received on the sale of these properties, which had a carrying value of \$Nil (2024 - \$1,416,423), resulting in a gain of \$Nil (2024 - \$3,417,581).

6. Temporary borrowing:

The board has credit facilities with the Canadian Imperial Bank of Commerce ("CIBC") as follows:

- (i) \$7,000,000 revolving demand operating credit facility available to be used for expenses in the normal course of business. As at August 31, 2025, the amount of the liability under this facility was \$Nil (2024 - \$Nil).
- (ii) \$1,319,879 non-revolving demand bridge credit facility available to provide interim financing for school consolidation capital. As at August 31, 2025, the amount of the liability under this facility was \$Nil (2024 - \$Nil).
- (iii) \$14,119,543 non-revolving demand bridge credit facility available to provide interim financing for school condition improvements. As at August 31, 2025, the amount of the liability under this facility was \$Nil (2024 - \$2,657,025).

Effective June 30, 2024, bankers' acceptances are no longer offered, and as a result, all term loans are available by Adjusted Term Canadian Overnight Repo Rate Average (CORRA) based advances, bearing interest at the Adjusted Term CORRA rate, 1.05% per annum. All loans are unsecured, due on demand and are in the form of Adjusted Term CORRA based advances and bank overdrafts.

7. Accounts payable and accrued liabilities:

| | 2025 | 2024 |
|--|---------------|---------------|
| Accrued Liabilities | \$ 8,086,300 | \$ 18,103,342 |
| Trade Payables | 4,567,978 | 6,082,481 |
| Accounts Payable - Government of Ontario | 2,958,794 | - |
| Other | 708,415 | 764,080 |
| | \$ 16,321,487 | \$ 24,949,903 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

8. Net long-term liabilities:

The Ontario Finance Authority (“OFA”) was established on November 15, 1993 as an agency of the Province of Ontario and as such is considered a related party to the Board. The Board has certain financing arrangements entered into the OFA as seen below.

Net long-term debt consists of the following:

| | 2025 | 2024 |
|--|----------------------|----------------------|
| Ontario Financing Authority capital loans with interest rates ranging from 3.56% to 5.23%, payable in semi-annual installments including interest, with maturity dates ranging from November 2031 to November 2038 | \$ 28,580,920 | \$ 30,932,364 |
| RBC Life Insurance Company 5.399% amortizing debenture payable in monthly installments including interest, due January 31, 2033 | 2,225,690 | 2,463,358 |
| DLL Financial capital leases with an interest rate of 4.96%, payable in monthly installments including interest, with a maturity date of August 2028 | 312,555 | 402,842 |
| Meridian One capital leases with an interest rate of 4.96%, payable in monthly installments including interest, with a maturity date of April 2026 | 53,431 | 130,346 |
| | \$ 31,172,596 | \$ 33,928,910 |

The principal and interest payments relating to net debenture debt, capital loans and leases outstanding as at August 31, 2025 are due as follows:

| | Principal Payments | Capital Lease Payments | Total |
|------------|----------------------|------------------------|----------------------|
| 2026 | \$ 2,719,136 | \$ 154,191 | \$ 2,873,327 |
| 2027 | 2,855,743 | 105,871 | 2,961,614 |
| 2028 | 2,999,261 | 105,924 | 3,105,185 |
| 2029 | 3,150,041 | - | 3,150,041 |
| 2030 | 3,308,451 | - | 3,308,451 |
| Thereafter | 15,773,978 | - | 15,773,978 |
| | \$ 30,806,610 | \$ 365,986 | \$ 31,172,596 |

Interest on net long-term liabilities amounted to \$1,637,249 (2024 - \$1,769,056).

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

9. Deferred revenue:

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

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

| | Balance as at August 31, 2024 | Contributions received | Transferred to revenue | Transferred to DCC | Balance as at August 31, 2025 |
|-------------------------|-------------------------------------|---------------------------|---------------------------|-----------------------|-------------------------------------|
| Special education | \$ 5,719,015 | \$ 40,239,356 | \$ (41,007,749) | \$ - | \$ 4,950,622 |
| Pupil accommodation | 3,623,248 | 3,411,254 | (346,052) | (2,411,367) | 4,277,083 |
| Student achievement | 2,846,976 | 5,994,569 | (5,640,773) | - | 3,200,772 |
| Assets held for sale | 373,408 | - | - | - | 373,408 |
| Proceeds of disposition | 1,638,211 | - | - | (18,600) | 1,619,611 |
| Other | 138,318 | 752,657 | (639,912) | (143,495) | 107,568 |
| | \$ 14,339,176 | \$ 50,397,836 | \$ (47,634,486) | \$ (2,573,462) | \$ 14,529,064 |

10. Deferred capital contributions:

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

| | 2025 | 2024 |
|---|----------------|----------------|
| Opening balance | \$ 212,953,109 | \$ 209,448,328 |
| Additions to deferred capital contributions | 16,382,895 | 24,902,793 |
| Revenue recognized in the period | (23,109,914) | (20,970,739) |
| Transfers to deferred revenue | - | (427,273) |
| Closing balance | \$ 206,226,090 | \$ 212,953,109 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

11. Asset retirement obligations:

The board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate are reflective of the risks specific to the asset retirement liability. As at August 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting. A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

| | 2025 | 2024 |
|--|---------------|---------------|
| Opening balance | \$ 19,622,110 | \$ 19,633,695 |
| Changes in the estimate of liabilities | 491,989 | 668,061 |
| Liabilities settled during the year | (26,110) | (679,646) |
| Closing balance | \$ 20,087,989 | \$ 19,622,110 |

The board made an inflation adjustment increase in estimates of 2.61% as at March 31, 2025 (3.66% as at March 31, 2024), in line with the Provincial government fiscal year end, to reflect costs as at that date. This rate represents the percentage increase in the Canada Building Construction Price Index ("BCPI") survey during the 2024 calendar year, as well as an adjustment to true up the estimated rate that was used at March 31, 2024.

This rate is being used to update costs assumptions made in the ARO costing models in order to be reflective of March 31, 2025 costs. Since the March 31 rate each year is determined based on the BCPI for the prior year ending December 31, the rate is updated the following March 31 to true up the prior year estimated rate to the actual rate for the 12-month period ending March 31, 2024.

The revaluation adjustment has been added to the Tangible Capital Asset – Asset Retirement Obligation balance to be amortized over the remaining useful life of the underlying asset, except in the case where the related ARO asset has no remaining useful life, in which case, it is expensed directly.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

12. Retirement and other employee future benefits:

The retirement and other employee future benefit (EFB) liabilities are summarized as follows:

| | 2025 | 2024 |
|---------------------------------|---------------------|---------------------|
| Accrued EFB obligations | \$ 8,231,964 | \$ 8,704,480 |
| Unamortized net actuarial gains | 59,769 | 53,364 |
| | <u>\$ 8,291,733</u> | <u>\$ 8,757,844</u> |

The retirement and other employee future benefit (EFB) expenses are summarized as follows:

| | 2025 | 2024 |
|---------------------------------|---------------------|--------------------|
| Benefit cost | \$ 566,998 | \$ 1,029,552 |
| Interest cost | 302,355 | 346,977 |
| Amortization of actuarial gains | 11,733 | 140,859 |
| Benefits paid | (1,353,602) | (1,539,351) |
| | <u>\$ (472,516)</u> | <u>\$ (21,963)</u> |

Excluding pension contributions to multi-employer pension plans, described in note 12 (a) (ii).

The board has internally appropriated an amount for retirement gratuities totaling \$1,179,764 (2024 - \$1,179,764).

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

| | 2025 | 2024 |
|-------------------------|---------------------|---------------------|
| Accrued EFB obligations | \$ 5,315,090 | \$ 5,877,198 |
| WSIB | 2,976,643 | 2,880,646 |
| | <u>\$ 8,291,733</u> | <u>\$ 8,757,844</u> |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

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

The accrued benefit obligations for EFB plans as at August 31, 2025 are based on the actuarial assumptions of future events determined for accounting purposes as at August 31, 2025. These actuarial valuations take into account any plan changes and the economic assumptions used in these valuations are the board's best estimates of expected rates of:

| | 2025 | 2024 |
|---|------|------|
| | % | % |
| Inflation | 2.00 | 2.00 |
| Discount on accrued benefit obligations | 3.80 | 3.80 |
| Health care cost | 6.00 | 6.25 |

Health care cost trends are assumed to be reduced by 0.25% per annum until an ultimate rate of increase of 4.50% is reached in 2031.

(a) Retirement benefits:

- Ontario Teachers' Pension Plan (TPP): Teachers and related employee groups are eligible to be members of the Ontario TPP. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the board's consolidated financial statements.
- Ontario Municipal Employees Retirement System (OMERS): All non-teaching employees of the board are eligible to be members of OMERS, a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The board contributions equal the employee contributions to the plan. During the year ended August 31, 2025, the board contributed \$3,560,954 (2024 - \$3,614,094) to the plan. As this is a multi-employer pension plan, these contributions are the board's pension benefit expenses. No pension liability for this type of plan is included in the board's consolidated financial statements.
- Retirement gratuities: The board provides retirement gratuities to certain groups of employees hired prior to specified dates. The board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at August 31, 2012.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

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

(b) Other employee future benefits:

- Workplace Safety and Insurance Board (WSIB) Obligations: The board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4.5 years for employees receiving payments from WSIB, where the collective agreement negotiated prior to 2012 included such a provision.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

13. Tangible capital assets:

| Gross book value | Balance at Sept 1, 2024 | Additions | Disposals | Revaluation of TCA-ARO | Balance at Aug 31, 2025 |
|-------------------------|----------------------------|----------------------|-----------------------|---------------------------|----------------------------|
| Land | \$ 5,176,184 | \$ - | \$ - | \$ - | \$ 5,176,184 |
| Land improvements | 31,494,730 | 3,990,658 | - | - | 35,485,388 |
| Buildings | 389,263,334 | 10,274,206 | - | 491,989 | 400,029,529 |
| Portable structures | 4,154,073 | 332,593 | - | - | 4,486,666 |
| Capital leases | 792,698 | 5,606 | - | - | 798,304 |
| Furniture and equipment | 4,578,429 | 488,937 | (788,090) | - | 4,279,276 |
| Vehicles | 484,785 | 114,882 | - | - | 599,667 |
| Computer hardware | 1,944,835 | 848,907 | (546,520) | - | 2,247,222 |
| Total | \$ 437,889,068 | \$ 16,055,789 | \$ (1,334,610) | \$ 491,989 | \$ 453,102,236 |

| Accumulated amortization | Balance at Sept 1, 2024 | Amortization expense | Disposals | Revaluation of TCA-ARO | Balance at Aug 31, 2025 |
|--------------------------|----------------------------|-------------------------|-----------------------|---------------------------|----------------------------|
| Land | \$ - | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 12,344,582 | 1,749,616 | - | - | 14,094,198 |
| Buildings | 178,194,437 | 21,756,451 | - | - | 199,950,888 |
| Portable structures | 2,489,725 | 216,967 | - | - | 2,706,692 |
| Capital leases | 79,843 | 114,889 | - | - | 194,732 |
| Furniture and equipment | 2,388,131 | 485,373 | (788,090) | - | 2,085,414 |
| Vehicles | 364,506 | 51,773 | - | - | 416,279 |
| Computer hardware | 1,004,135 | 698,676 | (546,520) | - | 1,156,291 |
| Total | \$ 196,865,359 | \$ 25,073,745 | \$ (1,334,610) | \$ - | \$ 220,604,494 |

| Net book value | 2024 | 2025 |
|-------------------------|-----------------------|-----------------------|
| Land | \$ 5,176,184 | \$ 5,176,184 |
| Land improvements | 19,150,148 | 21,391,190 |
| Buildings | 211,068,897 | 200,078,641 |
| Portable structures | 1,664,348 | 1,779,974 |
| Capital leases | 712,855 | 603,572 |
| Furniture and equipment | 2,190,298 | 2,193,862 |
| Vehicles | 120,279 | 183,388 |
| Computer hardware | 940,700 | 1,090,931 |
| Total | \$ 241,023,709 | \$ 232,497,742 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

14. Debt charges:

The expenditure for debt charges includes principal and interest payments as follows:

| | 2025 | | 2024 | |
|---|------|-----------|------|-----------|
| Principal payments on net long-term liabilities | \$ | 2,761,919 | \$ | 2,628,563 |
| Interest payment on net long-term liabilities | | 1,637,249 | | 1,769,056 |
| | \$ | 4,399,168 | \$ | 4,397,619 |

15. Core Education Funding:

School boards in Ontario receive the majority of their funding from the provincial government. This funding comes in two forms: provincial legislative grants and local taxation in the form of education property tax. The provincial government sets the education property tax rate. Municipalities in which the board operates collect and remit education property taxes on behalf of the Province of Ontario. The Province of Ontario provides additional funding up to the level set by the education funding formulas. 84.1% percent of the consolidated revenues of the board are directly controlled by the provincial government through the core education funding. The payment amounts of this funding are as follows:

| | 2025 | | 2024 | |
|-------------------------------|------|-------------|------|-------------|
| Provincial legislative grants | \$ | 189,480,986 | \$ | 186,639,012 |
| Education property tax | | 36,202,180 | | 35,207,031 |
| | \$ | 225,683,166 | \$ | 221,846,043 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

16. Expenses by object:

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

| | 2025 Budget | 2025 Actual | 2024 Actual |
|-------------------------------|-----------------------|-----------------------|-----------------------|
| Salaries and wages | \$ 160,926,257 | \$ 171,006,945 | \$ 178,194,775 |
| Employee benefits | 27,910,521 | 29,398,105 | 30,541,691 |
| Staff development | 830,627 | 580,606 | 609,036 |
| Supplies and services | 18,929,679 | 16,802,279 | 15,635,814 |
| Interest | 1,724,766 | 1,672,068 | 1,903,033 |
| Fees and contract services | 20,442,433 | 21,145,593 | 19,980,459 |
| School funded activities | 4,708,000 | 5,658,773 | 5,008,805 |
| Other | 2,866,955 | 463,556 | 3,234,319 |
| Amortization of TCA & TCA-ARO | 24,314,465 | 25,073,745 | 22,890,638 |
| | <u>\$ 262,653,703</u> | <u>\$ 271,801,670</u> | <u>\$ 277,998,570</u> |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

17. Accumulated surplus:

Accumulated surplus consists of the following:

| | 2025 | 2024 |
|---|---------------|---------------|
| Available for compliance – unappropriated: | | |
| Total operating accumulated surplus | \$ 15,293,629 | \$ 13,710,243 |
| Available for compliance – internally appropriated: | | |
| Retirement gratuities | 1,179,764 | 1,179,764 |
| Committed capital | 11,151,715 | 11,547,359 |
| Lasalle multi-use facility | 1,250,000 | 1,000,000 |
| Student focused initiatives | 1,704,815 | 1,740,771 |
| Indigenous education | 92,185 | 92,185 |
| School based initiatives | 870,419 | 1,127,676 |
| Local priority funds | 355,242 | 190,469 |
| Employee future benefits | 1,551,358 | 1,551,358 |
| Total available for compliance | 33,449,127 | 32,139,825 |
| Unavailable for compliance – externally appropriated: | | |
| Accrued interest | (406,536) | (444,844) |
| School generated funds | 3,567,581 | 3,155,229 |
| Asset retirement obligation | (12,331,541) | (11,131,974) |
| Revenue recognized for land | 5,176,184 | 5,176,184 |
| Total unavailable for compliance | (3,994,312) | (3,245,405) |
| | \$ 29,454,815 | \$ 28,894,420 |

18. Ontario School Board Insurance Exchange (OSBIE):

The board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act of Ontario. OSBIE insures general liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27 million per occurrence.

The premiums over a five-year period are based on the reciprocals and the board's actual claims experience. Periodically, the board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The current five-year term expires December 31, 2026. Premiums paid to OSBIE for the policy year ending December 31, 2024 amounted to \$338,975 (2023 - \$315,793).

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

19. Contractual obligations and commitments:

(a) Contractual obligations:

The board has a total of \$4,187,638 (2024 - \$4,595,655) of contractual obligations at year end relating to the construction and renovation of buildings.

(b) Commitment:

The board is currently in litigation, with an outcome to be determined, in relation to the construction of a new building. An estimate of \$1.33 million (2024 - \$1.33 million) is the potential future obligation.

20. Transportation consortium:

The board is a member of the Sudbury Student Services Consortium / Consortium de services aux élèves de Sudbury (SSSC). In July 2009, the board entered into an agreement with the Sudbury Catholic District School Board, Conseil Scolaire du district catholique du Nouvel-Ontario and Conseil Scolaire public du Grand Nord de l'Ontario, to provide common administration of student transportation in the region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the boards. Under the agreement, decisions related to the financial and operating activities of the SSSC are shared. No partner is in a position to exercise unilateral control.

Each board participates in the shared costs associated with this service for the transportation of their respective students through the SSSC. This entity is proportionately consolidated in the board's consolidated financial statements whereby the board's pro-rata share of assets, liabilities, revenues and expenses of the consortium are included in the board's consolidated financial statements. The board's pro-rata share of the SSSC expenditures for 2025 is 50.74% (2024 - 49.23%). Inter-organizational transactions and balances have been eliminated.

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

20. Transportation consortium (continued):

The following provides condensed financial information:

| | 2025 Total | 2025 Board Portion | 2024 Total | 2024 Board Portion |
|----------------------|---------------|-----------------------|---------------|-----------------------|
| Financial position | | | | |
| Financial assets | \$ 1,090,651 | \$ 553,396 | \$ 4,339,351 | \$ 2,136,262 |
| Liabilities | (1,619,397) | (821,682) | (4,562,958) | (2,246,344) |
| Non-financial assets | 300,183 | 152,313 | 332,634 | 163,756 |
| | \$ (228,563) | \$ (115,973) | \$ 109,027 | \$ 53,674 |

| | 2025 Total | 2025 Board Portion | 2024 Total | 2024 Board Portion |
|------------|---------------|-----------------------|---------------|-----------------------|
| Operations | | | | |
| Revenues | \$ 17,154,563 | \$ 8,704,225 | \$ 17,814,579 | \$ 8,770,117 |
| Expenses | (17,180,881) | (8,717,579) | (17,852,705) | (8,788,887) |
| | \$ (26,318) | \$ (13,354) | \$ (38,126) | \$ (18,770) |

21. In-kind transfers from the Ministry of Public Business Service Delivery and Procurement:

The board has recorded entries, both revenues and expenses, associated with centrally procured in-kind transfers of personal protective equipment (PPE) and critical supplies and equipment (CSE) received from the Ministry of Public and Business Service Delivery and Procurement (MPBSDP). The amounts recorded were calculated based on the weighted average cost of the supplies as determined by MPBSDP and quantity information based on the board's records. The in-kind revenue recorded for these transfers is \$190,200 (2024 - \$633,564) with expenses based on use of \$190,200 (2024 - \$633,564) for a net impact of \$Nil (2024 - \$Nil).

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

22. Financial instrument risk:

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

- Credit risk: The board's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the board's maximum credit exposure as at the consolidated statement of financial position date.
- Liquidity Risk: Liquidity risk is the risk that the board will not be able to meet all cash flow obligations as they come due. The board mitigates the risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise.
- Market risk: The board is exposed to interest rate risk and price risk with regard to its other investments and interest rate risk on its long-term debt, all of which are regularly monitored.

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

| | Within 6 months | 6 - 12 months | 1 - 4 years | 4+ years | Total |
|--|-----------------|---------------|--------------|---------------|---------------|
| As at August 31, 2025 | | | | | |
| Accounts payable and accrued liabilities | \$ 13,044,938 | \$ 3,276,549 | \$ - | \$ - | \$ 16,321,487 |
| Net long-term liabilities | 1,432,579 | 1,440,748 | 9,216,840 | 19,082,429 | 31,172,596 |
| | \$ 14,477,517 | \$ 4,717,297 | \$ 9,216,840 | \$ 19,082,429 | \$ 47,494,083 |

| | Within 6 months | 6 - 12 months | 1 - 4 years | 4+ years | Total |
|--|-----------------|---------------|--------------|---------------|---------------|
| As at August 31, 2024 | | | | | |
| Accounts payable and accrued liabilities | \$ 21,290,281 | \$ 3,659,622 | \$ - | \$ - | \$ 24,949,903 |
| Net long-term liabilities | 1,364,455 | 1,396,158 | 8,935,820 | 22,232,477 | 33,928,910 |
| | \$ 22,654,736 | \$ 5,055,780 | \$ 8,935,820 | \$ 22,232,477 | \$ 58,878,813 |

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

23. Board performs duties of a municipal council:

The board performs the duties of levying and collecting taxes and conducting elections of members in territory without municipal organization.

24. Related party disclosures:

Related parties of the board include other schools board and the Ontario Financing Authority (OFA). The OFA was established on November 15, 1993 as an agency of the Province of Ontario that manages the province's debt and borrowing program.

25. Future accounting standard adoption:

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

New Public Sector Accounting Standards (PSAS) Conceptual Framework:

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

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

The main changes are:

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

RAINBOW DISTRICT SCHOOL BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended August 31, 2025

25. Future accounting standard adoption (continued):

The framework is expected to be implemented prospectively.

Reporting Model- PS 1202- Financial Statement Presentation:

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

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets- accumulated other and issued share capital
- Increase clarity regarding presentation of budget comparatives on the Statement of Operations
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Change in Net Debt
- New Statement of Net Financial Assets/Liabilities
- New Statement of Changes in Net Assets/Liabilities
- Financing transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows