

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Consolidated Financial Statements
Year Ended August 31, 2025

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Contents
Year Ended August 31, 2025

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 20

INDEPENDENT AUDITOR'S REPORT

To the Trustees of The Protestant Separate School Board of the Town of Penetanguishene

Opinion

We have audited the consolidated financial statements of The Protestant Separate School Board of the Town of Penetanguishene (the "Board"), which comprise the consolidated statement of financial position as at August 31, 2025, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at August 31, 2025, consolidated statement of operations and accumulated surplus, and consolidated changes in net financial assets and cash flows for the year ended in accordance with the basis of accounting described in Note 1 of the consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Board in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting used in the preparation of these consolidated financial statements and the significant differences between such basis of accounting and Canadian public sector accounting standards.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended August 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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

(continues)

Independent Auditor's Report to the Trustees of The Protestant Separate School Board of the Town of Penetanguishene (*continued*)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Barrie, Ontario
February 9, 2026

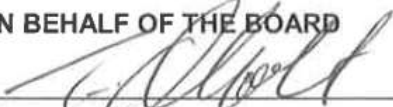
RH Partners LLP
RH PARTNERS LLP
Chartered Professional Accountants
Licensed Public Accountants

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISENE
Consolidated Statement of Financial Position
August 31, 2025


	2025	2024 Restated (Note 2)
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 463,780	\$ 451,896
Restricted cash	2,997,518	1,855,133
Receivables	210,321	450,961
	3,671,619	2,757,990
FINANCIAL LIABILITIES		
Payables and accruals	99,448	70,918
Deferred revenue (Note 3)	696,424	555,736
Retirement and other employee future benefits liabilities (Note 4)	46,808	46,637
Net long-term liabilities	950	950
	843,630	674,241
NET FINANCIAL ASSETS (Page 5)	2,827,989	2,083,749
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	3,638,870	3,862,479
ACCUMULATED SURPLUS (Note 8)	\$ 6,466,859	\$ 5,946,228

COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD



 Supervisory Officer



 Board Chair

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Consolidated Statement of Operations and Accumulated Surplus
Year Ended August 31, 2025

	Budget	2025	2024 Restated (Note 2)
REVENUES			
Provincial grants			
Core education funding	\$ 5,546,486	\$ 5,664,424	\$ 5,740,419
Other	1,139,841	626,483	580,539
Local taxation	292,442	321,392	295,587
School generated funds	50,702	87,444	84,679
Investment income	50,057	64,255	78,605
Other fees and revenues	-	28,360	18,129
	7,079,528	6,792,358	6,797,958
EXPENSES			
Instruction	5,597,584	4,934,768	5,416,143
Administration	464,697	459,391	462,280
Transportation	195,363	186,463	185,890
Pupil accommodation	526,978	342,109	294,374
School generated fund	50,702	71,482	76,554
Other	293,818	277,514	266,137
	7,129,142	6,271,727	6,701,378
ANNUAL SURPLUS (DEFICIT)	(49,614)	520,631	96,580
ACCUMULATED SURPLUS - BEGINNING OF YEAR (Note 8)	5,946,228	5,946,228	5,849,648
ACCUMULATED SURPLUS - END OF YEAR (Note 8)	\$ 5,896,614	\$ 6,466,859	\$ 5,946,228

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUIHENE
Consolidated Statement of Changes in Net Financial Assets
Year Ended August 31, 2025

	Budget	2025	2024 Restated (Note 2)
ANNUAL SURPLUS (DEFICIT)	\$ (49,614)	\$ 520,631	\$ 96,580
Amortization of tangible capital assets	293,818	277,514	266,137
Purchase of tangible capital assets	-	(53,905)	(37,441)
	293,818	223,609	228,696
INCREASE IN NET FINANCIAL ASSETS	244,204	744,240	325,276
NET FINANCIAL ASSETS - BEGINNING OF YEAR	2,083,749	2,083,749	1,758,473
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,327,953	\$ 2,827,989	\$ 2,083,749

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Consolidated Statement of Cash Flows
Year Ended August 31, 2025

	2025	2024 Restated (Note 2)
OPERATING ACTIVITIES		
Annual surplus	\$ 520,631	\$ 96,580
Sources and (uses):		
Non-cash items including amortization, write downs and gains/losses on disposal	277,514	266,137
Decrease (increase) in receivables	240,640	(99,090)
Increase (decrease) in payables and accruals	28,530	(113,423)
Increase (decrease) in deferred revenue	140,688	(10,298)
Increase (decrease) in retirement and other employee future benefits liabilities	171	(396)
	687,543	42,930
	1,208,174	139,510
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets (Note 7)	(53,905)	(37,441)
INCREASE IN CASH AND CASH EQUIVALENTS	1,154,269	102,069
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,307,029	2,204,960
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,461,298	\$ 2,307,029
CASH AND CASH EQUIVALENTS CONSIST OF:		
Non-restricted cash	\$ 463,780	\$ 451,896
Restricted cash	2,997,518	1,855,133
	\$ 3,461,298	\$ 2,307,029

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of accounting

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

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

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue. School authorities are not expected to report deferred capital contributions since school authorities do not meet the Ministry of Education's corporate threshold for this reporting requirement.

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

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

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

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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 Protestant Separate School Board (the "Board") and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Cash and cash equivalents

Cash and cash equivalents are comprised 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 ninety days.

Deferred revenue

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

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, worker's compensation and long-term disability benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with Teachers and Education Workers, the following Employee Life and Health Trusts (ELHTs) were established in 2016-2017: Elementary Teachers' Federation of Ontario (ETFO). The following ELHTs were established in 2017-2018: Ontario Non-union Education Trust (ONE-T) for non-unionized employees including principals and other school board staff. The ELHTs provide health, dental and life insurance benefits to teachers (excluding daily occasional teachers), education workers (excluding casual and temporary staff), Principals and Vice Principals, and other school board staff. 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 (formerly Grants for Student Needs), including additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. These costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term 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 self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as life insurance and health care benefits on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for worker's compensation and long-term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.
2. The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period.
3. The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

Tangible capital assets

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

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

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

Building	20 - 40 years
Portables	20 years
Equipment - 5 years	5 - 15 years
First-time equipping	10 years
Leasehold improvements	Over the lease term
Computer hardware	3-5 years
Land improvements	15 years

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.

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

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.

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.

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.

Long-term debt

Long-term debt is recorded net of related sinking fund asset balances.

Budget figures

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

Use of estimates

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include accruals, retirement and other employee future benefit liabilities and amortization. Actual results could differ from these estimates.

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, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUIHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Board measures its financial assets and financial liabilities at fair value at the acquisition date, except for financial assets and financial liabilities acquired in related party transactions. Transaction costs related to the acquisition of financial instruments subsequently measured at fair value are recognized in when incurred. The carrying amounts of financial instruments not subsequently measured at fair value are adjusted by the amount of the transaction costs directly attributable to the acquisition of the instrument.

The Board subsequently measures all of its financial assets and financial liabilities at amortized cost.

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value of restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Financial instrument classification

<u>Financial instruments</u>	<u>Classification</u>	<u>Subsequent measurement</u>
Accounts receivable	Loans and receivables	Amortized cost using the effective interest method
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using the effective interest method

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

2. PRIOR PERIOD ADJUSTMENT

During the fiscal year, the Board received additional Core Education Funding from the Ministry of Education for prior periods. After August 31, 2025, but before these financial statements were approved, the Board determined that a substantial portion of this funding should have been recognized as a receivable in the financial statements for the year ended August 31, 2024. This was due to a classification error between Core Education Funding (formerly known as Grants for Student Needs) and one-time funding reported to the Ministry of Education in 2024.

As a result, the Board has corrected the error and retroactively restated the comparative financial statements for the year ended August 31, 2024. The following financial statement items as at August 31, 2024 have been increased (decreased) as follows:

	Previously Reported	Adjustments	Restated
<u>Consolidated Statement of Financial Position</u>			
Receivables	\$ 188,715	\$ 262,246	\$ 450,961
Accumulated surplus	5,683,982	262,246	5,946,228
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Provincial grants - Other	318,293	262,246	580,539
<u>Consolidated Statement of Changes in Net Financial Assets</u>			
Annual surplus (deficit)	(165,666)	262,246	96,580
Net financial assets - end of year	1,821,503	262,246	2,083,749
<u>Consolidated Statement of Cash Flows</u>			
Annual surplus (deficit)	(165,666)	262,246	96,580
Decrease (increase) in receivables	163,156	(262,246)	(99,090)

The opening accumulated surplus for the year ended August 31, 2025 has been adjusted accordingly. Comparative figures presented in these financial statements reflect this restatement.

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

3. 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:

	2025	2024 <i>Restated (Note 2)</i>
<u>School Renewal Deferred Revenue</u>		
Balance, beginning of year	\$ 185,134	\$ 146,537
Externally restricted revenue	57,931	57,844
Revenue recognized in the period	(61,889)	(19,247)
Balance, end of year	181,176	185,134
<u>Special Education</u>		
Balance, beginning of year	231,365	296,543
Externally restricted revenue	1,133,242	1,085,721
Revenue recognized in the period	(1,086,158)	(1,150,899)
Balance, end of year	278,449	231,365
<u>Mental Health Leader</u>		
Balance, beginning of year	44,173	40,735
Externally restricted revenue	29,544	3,438
Revenue recognized in the period	-	-
Balance, end of year	73,717	44,173
<u>Multi-Disciplinary Team Project</u>		
Balance, beginning of year	64,456	57,805
Externally restricted revenue	67,559	6,651
Revenue recognized in the period	-	-
Balance, end of year	132,015	64,456
<u>Other</u>		
Balance, beginning of year	30,608	24,414
Externally restricted revenue	31,067	30,608
Revenue recognized in the period	(30,608)	(24,414)
Balance, end of year	31,067	30,608
	\$ 696,424	\$ 555,736

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

	Retirement Benefits	Other Employee Future Benefits	2025	2024 <i>Restated (Note 2)</i>
<u>Employee future benefits liabilities</u>				
Accrued employee future benefits obligation	\$ 43,565	\$ 1,927	\$ 45,492	\$ 45,470
Unamortized actuarial gains	1,316	-	1,316	1,167
	\$ 44,881	\$ 1,927	\$ 46,808	\$ 46,637
<u>Employee future benefits expenses</u>				
Current year benefit cost	\$ -	\$ 1,927	\$ 1,927	\$ 2,232
Interest on accrued benefit obligation	1,643	-	1,643	1,871
Recognized actuarial gains	(1,167)	464	(703)	(3,423)
	\$ 476	\$ 2,391	\$ 2,867	\$ 680

During the year, benefit payments of \$2,696 (2024 - \$1,076) were made.

The employee future benefits expenses above exclude pension contributions to the Ontario Municipal Employees Retirement System, a multi-employer pension plan, described below.

Actuarial Assumptions

The accrued benefit obligations for employee future benefit plans as at August 31, 2025 are based on the most recent actuarial valuations completed for accounting purposes as at August 31, 2025. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2025</u>	<u>2024</u>
<i>Inflation</i>		
All retirement gratuities and awards	2.00%	2.00%
<i>Wage and salary escalation</i>		
Carry-over sick leave credits	Nil	Nil
<i>Discount rate</i>		
All retirement gratuities and awards	3.80%	3.80%

Retirement Benefits

(i) Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of the Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are a direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS *(continued)*

(ii) Ontario Municipal Employees Retirement System

All non-teaching employees of the Board are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan.

During the year ended August 31, 2025, the Board contributed \$153,156 (2024 - \$180,184) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities

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

(iv) Retirement Life Insurance and Health Care Benefits

The Board provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. The premiums are based on the Board experience and retirees' premiums may be subsidized by the Board. The benefit costs and liabilities related to the plan are provided through an unfunded defined benefit plan and are included in the Board's consolidated financial statements. Effective September 1, 2013, employees retiring on or after this date, do not qualify for board subsidized premiums or contributions.

Other Employee Future Benefits

(v) Workplace Safety and Insurance Board Obligations

The Board is a Schedule 1 employer under the Workplace Safety and Insurance Act and, as such, the Board insures all claims by its injured workers under the Act. The Board's insurance premiums for the year ended August 31, 2025 were \$15,317 (2024 - \$17,117) and are included in the Board's current year benefit costs. No liabilities for claims by its injured workers under the Act are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 ½ years for employees receiving payments from the Workplace Safety and Insurance Board, where collective agreements negotiated prior to 2012 included such provision.

(vi) Long-Term Disability Health Care Benefits

The Board provides long-term disability benefits including partial salary compensation during the period an employee is unable to work or until their normal retirement date. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

4. RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

(vii) Sick Leave Top-Up Benefits

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illnesses paid through the short-term leave and disability plan in that year. The benefit costs expensed in the consolidated financial statements are \$2,391 (2024 - \$661). For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at August 31, 2025 (the date at which probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees at August 31, 2025.

5. TEMPORARY BORROWING

The Board has lines of credit available to the maximum of \$450,000 and a VISA limit of \$50,000 to address operating requirements or to bridge capital expenditures.

Interest on the line of credit is at the bank's prime lending rate plus 0%. The interest rate on the VISA is 19.5% per annum. All loans are unsecured, due on demand and are in the form of bank overdrafts.

As at August 31, 2025, the amount drawn under the line of credit facility was \$Nil (2024 - \$Nil).

As at August 31, 2025, the amount drawn under the VISA was \$5,205 (2024 - \$2,221).

6. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Consolidated Statement of Operations by object:

	Budget	2025	2024 <i>Restated (Note 2)</i>
Salaries and wages	\$ 4,004,404	\$ 4,284,572	\$ 4,654,145
Employee benefits	708,907	678,212	765,669
Staff development	473,885	55,070	39,769
Supplies and services	963,675	467,381	412,057
Rental expense	45,260	44,665	43,952
Fees and contract services	639,193	464,313	519,649
Amortization on tangible capital assets	293,818	277,514	266,137
	\$ 7,129,142	\$ 6,271,727	\$ 6,701,378

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

7. TANGIBLE CAPITAL ASSETS

Cost	2024 Balance <i>Restated (Note 2)</i>	Additions	Disposals / Transfers	2025 Balance
Land	\$ 230,260	\$ -	\$ -	\$ 230,260
Land improvements	51,043	-	-	51,043
Portables	701,984	-	-	701,984
Building	5,068,167	-	-	5,068,167
First-time equipping	90,500	-	-	90,500
Equipment - 5 years	74,893	15,004	-	89,897
Equipment - 15 years	85,638	-	-	85,638
Computer hardware	46,946	38,901	-	85,847
	\$ 6,349,431	\$ 53,905	\$ -	\$ 6,403,336

Accumulated Amortization	2024 Balance <i>Restated (Note 2)</i>	Amortization	Accumulated Amortization on Disposals	2025 Balance
Land improvements	\$ 51,043	\$ -	\$ -	\$ 51,043
Portables	221,656	35,099	-	256,755
Building	2,050,339	206,984	-	2,257,323
First-time equipping	37,249	9,050	-	46,299
Equipment - 5 years	74,893	1,501	-	76,394
Equipment - 15 years	32,761	5,710	-	38,471
Computer hardware	19,011	19,170	-	38,181
	\$ 2,486,952	\$ 277,514	\$ -	\$ 2,764,466

Net book value	2025	2024 <i>Restated (Note 2)</i>
Land	\$ 230,260	\$ 230,260
Portables	445,229	480,328
Building	2,810,844	3,017,828
First-time equipping	44,201	53,251
Equipment - 5 years	13,503	-
Equipment - 15 years	47,167	52,877
Computer hardware	47,666	27,935
	\$ 3,638,870	\$ 3,862,479

Included in Equipment - 5 years is leased assets with a cost of \$63,992 (2024 - \$63,992) and accumulated amortization of \$63,992 (2024 - \$63,992).

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

8. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2025	2024 <i>Restated (Note 2)</i>
Invested in tangible capital assets	\$ 3,638,870	\$ 3,862,479
Amounts restricted by Board for future use:		
Employee future benefits	(46,808)	(46,637)
Operating accumulated surplus	2,730,092	2,001,643
School generated funds	144,705	128,743
	\$ 6,466,859	\$ 5,946,228

9. 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. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$27,000,000 per occurrence.

The ultimate 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.

10. COMMITMENTS

The minimum payments required under an operating lease for the Board office over the next two years are as follows:

2026		\$ 41,365
2027		13,788
		\$ 55,153

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUIHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

11. 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 for 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; and
- Consequential amendments throughout the Public Sector Accounting Handbook.

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 retroactivity with restatement of prior year amounts.

The main changes are:

- Restructured Statement of Financial Position;
- Introduction of financial and non-financial liabilities;
- Amended non-financial asset definition;
- New components of net assets- accumulated other and issued share capital;
- Increased clarity regarding presentation of budget comparatives on the Statement of Operations
- Relocated net debt to its own statement;
- Renamed the net debt indicator;
- Revised the net debt calculation;
- Removed the Statement of Change in Net Debt;
- New Statement of Net Financial Assets/Liabilities;

(continues)

THE PROTESTANT SEPARATE SCHOOL BOARD OF THE TOWN OF PENETANGUISHENE
Notes to Consolidated Financial Statements
Year Ended August 31, 2025

11. FUTURE ACCOUNTING STANDARD ADOPTION *(continued)*

- New Statement of Changes in Net Assets Liabilities; and
 - Financing transactions presented separately from operating, capital and investing transactions on the Statement of Cash Flows.
-

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
