

## STUDENT ACHIEVEMENT AND WELL BEING, CATHOLIC EDUCATION AND HUMAN RESOURCES COMMITTEE

# 2022-2023 AUDITED FINANCIAL STATEMENTS

"I urge, then, first of all, that petitions, prayers, intercession and thanksgiving be made for all people—for kings and all those in authority, that we may live peaceful and quiet lives in all godliness and holiness."

1 Timothy 2:1-2

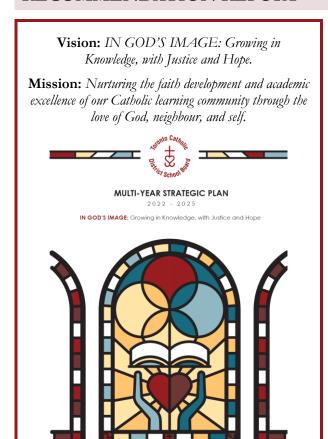
# Drafted Meeting Date

November 30, 2023

December 7, 2023

- K. Morra, Controller, Financial Reporting and Sustainability
- G. Sequeira, Controller, Financial Management and Accountability
- D. Bilenduke, Controller, Financial Accounting and Compliance
- C. Giambattista, Senior Coordinator, Audit and Accounting
- T. Sanza, Senior Coordinator, Capital Program Accounting and Reporting

#### RECOMMENDATION REPORT



Brendan Browne
Director of Education

Adrian Della Mora Associate Director of Academic Affairs and Chief Operating Officer

Derek Boyce
Associate Director of Corporate
Services and Chief Commercial Officer

Ryan Putnam Chief Financial Officer and Treasurer

#### A. EXECUTIVE SUMMARY

The 2022-2023 Audited Financial Statements were reviewed with the Audit Committee on November 15, 2023 in conjunction with the External Auditors Report in which Deloitte LLP provided an unqualified (clean) audit opinion.

The financial result for the 2022-2023 fiscal year is consistent with the Mid-Year Budget Status Report provided to Trustees in April 2023.

The year end financial position of \$10M in the Operating Contingency enables the Board to meet its commitment in the 2023-2024 Estimates.

The cumulative staff time required to prepare this report was 2 hours.

#### B. PURPOSE

Consistent with Regulation and Board Policy the Draft Financial Statements and resultant External Auditor Report were reviewed by the Audit Committee.

Upon recommendation from the Audit Committee the Financial Statements are then presented to the Board of Trustees for approval and submitted to the Ministry of Education within prescribed reporting timelines.

### C. BACKGROUND

Deloitte LLP have audited the attached 2022-2023 Draft Financial Statements based on the audit plan presented to management in September 2023.

The Auditors presented their findings and recommendations to the Audit Committee and responded to questions from Committee Members.

The Board's Chief Financial Officer and Treasurer reviewed the financial results highlighting any strategic adjustments made in order to maximize Ministry funding as well as to address any year end financial pressures.

## D. EVIDENCE/RESEARCH/ANALYSIS

The 2022-2023 in-year operating deficit is \$42.3M. This result is consistent with the mid-year budget forecast (\$42M deficit) as reported to Trustees in April 2023. For financial statement purposes the deficit was decreased to \$22.9M due to one-time pandemic funding of \$19.4M received in 2022-2023 for the reimbursement of 2021-2022 Board funded COVID costs.

### The in-year deficit is a direct result of unfunded absence related costs.

For 2022-2023 the Board received approximately \$20M in funding with actual costs in excess of \$60M inclusive of all employee groups. Over the past three years the cumulative shortfall exceeds \$100M and has resulted in an accelerated depletion of the Board's operating reserves. This trend is expected to continue and as such the annual shortfall will need to be incorporated into the 2023-2024 Revised Estimates in December 2023 creating an unfunded deficit.

### Strategies utilized to address year end pressures include the following:

Recognizing 50% of the change in the WSIB liability as estimated by the Board's actuary to introduce a smoothing effect as this figure can fluctuate significantly up or down from year to year.

Accrual of 50% of the total potential legal claims to better represent the likely outcome criteria/determinant and to align with the Auditor's evaluation of a justifiable liability under Generally Accepted Accounting Principles (GAAP).

### E. RECOMMENDATION

That the Board of Trustees approve the 2022-2023 Audited Financial Statements, as recommended by the Audit Committee.