



The Niagara Catholic District School Board through the charisms of faith, social justice, support and leadership, nurtures an enriching Catholic learning community for all to reach their full potential and become living witnesses of Christ.

AGENDA AND MATERIAL

SPECIAL BOARD MEETING

**MONDAY, NOVEMBER 29, 2010
4:00 P.M.**

**FATHER KENNETH BURNS, C.S.C. BOARD ROOM
CATHOLIC EDUCATION CENTRE, WELLAND, ONTARIO**

A. ROUTINE MATTERS

- | | |
|--|---|
| 1. Opening Prayers | - |
| 2. Roll Call | - |
| 3. Approval of the Agenda | - |
| 4. Declaration of Conflict of Interest | - |

B. COMMITTEE AND STAFF REPORTS

- | | |
|--|------|
| 1. Audited Financial Statements | |
| 1.1 Preparation of Audited Financial Statements for the Year 2009-2010 | C1.1 |
| 1.2 Official Audited Financial Statements for the Year 2009-2010 | C1.2 |
| 1.3 Audit Letters | C1.3 |

C. ADJOURNMENT

The meeting may be attended electronically

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
SPECIAL BOARD MEETING
PUBLIC SESSION
NOVEMBER 29, 2010**

**TOPIC: PREPARATION OF AUDITED FINANCIAL STATEMENTS
FOR THE YEAR 2009-2010**

RECOMMENDATION

THAT the Niagara Catholic District School Board approve the Preparation of the Audited Financial Statement for the Year 2009-2010, as presented.

Prepared by: Larry Reich, Superintendent of Business and Financial Services

Presented by: Larry Reich, Superintendent of Business and Financial Services

Approved by: John Crocco, Director of Education

Date: November 29, 2010



**REPORT TO THE BOARD
NOVEMBER 29, 2010**

**REPORT ON THE PREPARATION OF THE
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR 2009-10**

On an annual basis, the Ministry of Education requires all school boards to submit their Audited Financial Statements and Grant Schedules, at the end of the school year.

The Board Auditors have now completed the audit engagement for the year 2009-10. The final and official Audited Financial Statements will be presented to the Board at a Special Board Meeting on November 29, 2010 and will be submitted to the Ministry of Education before November 30, 2010.

We are pleased to report that the financial results for the year 2009-10 are very positive. In order to balance original Annual Budget for the year 2009-10, the Board approved a transfer of \$1,753,539 from the Reserve for Working Funds. We are also pleased to report that, for Ministry of Education Compliance purposes, the 2009-10 Audited Financial Statements will report an Operating Surplus of \$300,689 and a Facility Renewal & Debt Related Surplus of \$2,840,738.

This improvement in the financial position of the Board resulted mainly from increases in enrolment, from additional revenue received for student transportation and for a net reduction of expenditures achieved during the school year.

We confirm that the 2009-10 Financial Statements are in compliance with the guidelines and regulations issued by the Ministry of Education, except for the Board Administration Envelope, which is overspent by a total of \$1,019,666. The Board may be required to submit to the Ministry of Education a plan, which will eliminate the above mentioned over-expenditure.

At this time, we remind the Trustees that the Audited Financial Statements have been prepared in accordance with the accounting standards issued by the Public Sector Accounting Board. These standards require the retroactive implementation of a new accounting policy, which includes the capitalization and depreciation of Tangible Capital Assets, the elimination of Reserve Funds Accounts and the establishment of new accounts, such as the Accumulated Surplus (Deficit) Accounts.

Under the PSAAB regulations, the Total Accumulated Surplus (Deficit) Account amounts to a total of \$151,075,402 and it is subdivided into three components, as follows:

1) Accumulated Surplus (Deficit) Account

– Available for Compliance (Un-appropriated)

The balance in this account at August 31, 2010 amounted to \$9,947,062

This balance can be accessed by the Board in the future to fund operating deficits and operating expenditures, with the approval of the Ministry of Education.

2) Accumulated Surplus (Deficit) Account

– Available for Compliance (Internally Appropriated)

The balance in this account at August 31, 2010 amounted to \$11,279,987

This balance can be accessed by the Board in the future to fund capital deficits and capital expenditures, with the approval of the Ministry of Education.

3) Total Accumulated Surplus (Deficit) Account

– Unavailable for Compliance

The balance in this account at August 31, 2010 amounted to \$129,848,352

This balance cannot be accessed by the Board.

We are pleased to enclose the following information, for the review of the Trustees:

APPENDIX A

Revenue & Funding Allocations for Compliance Purposes

APPENDIX B

Expenditures by Department for Compliance Purposes

APPENDIX C

Information on the implementation of the PSAB Regulations

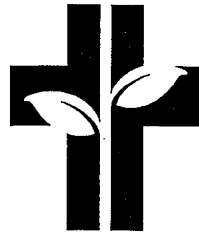
It is important to note that the implementation of the PSAB regulations represented a major challenge to the staff in the Accounting Services Department and for the Auditors.

We want to take this opportunity to express our appreciation to William Tumath, Manager of Accounting Services, and all the staff in the Accounting Department and in other Business Departments for their diligence, hard work and collaboration with the Board Auditors.

RECOMMENDATION

THAT the Niagara Catholic District School Board approve the Report on the Preparation of the Audited Financial Statements for the year 2009-10, as presented.

APPENDIX A



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Funding Allocations
For Compliance Purposes

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

A,

Revenue by Source for Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10	Variance 2009-10
	-----	-----	-----
Education Taxes	46,549,384	45,856,253	693,131
Education Grants	178,772,514	175,303,805	3,468,708
	-----	-----	-----
Total Funding Allocations	225,321,898	221,160,058	4,161,839
Adult & Cont. Education Other Revenue	4,177,784	3,869,146	308,638
Other Capital & Operating Grants	2,799,471	600,000	2,199,471
Other Miscellaneous Revenue	540,697	338,942	201,755
Tuition Fees - Elementary & Secondary	752,537	984,890	(232,353)
Potential deficit For The Year balnced with Reserve Funds	-	1,753,539	(1,753,539)
Less: Total Surplus For The Year For Compliance Purposes	(3,141,426)	(0)	(3,141,426)
	-----	-----	-----
Total Budget Revenue	230,450,960	228,706,574	1,744,385
	=====	=====	=====

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

A₂

Expenditures by Function for Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10	Variance 2009-10
Salary & Wages	164,888,332	161,881,254	3,007,078
Employee Benefits	23,565,077	22,896,592	668,485
Professional Development	687,819	549,768	138,051
Supplies & Services & Equipment	18,510,093	18,237,509	272,584
Furniture & Equipment	599,993	490,827	109,166
Classroom Computers	546,060	267,281	278,779
Capital Expenditures	148,269	2,782,576	(2,634,307)
Debt Charges & Interest	8,393,126	8,378,463	14,663
Rentals & Leases	567,943	893,486	(325,543)
Fees & Contracts	12,347,792	12,136,331	211,461
Provision for Reserves & Other Expenditures	196,456	192,487	3,969
Total Budget Expenditures	230,450,960	228,706,574	1,744,385

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

A₃

Education Taxes for Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10	Variance 2009-10
	-----	-----	-----
Share of Taxes for September to December			
38% of Residential & Farm Taxes	6,104,897	6,191,774	(86,877)
38% of Industrial & Commercial Taxes	11,826,427	11,656,140	170,288
38% of Payments In Lieu Of Taxes	28,762	36,169	(7,407)
	-----	-----	-----
Subtotal	17,960,086	17,884,083	76,004
	=====	=====	=====
Share of Taxes for January to August			
62% of Residential & Farm Taxes	9,960,621	10,203,392	(242,771)
62% of Industrial & Commercial Taxes	19,295,750	19,208,091	87,658
62% of Payments In Lieu Of Taxes	46,928	59,012	(12,084)
	-----	-----	-----
Subtotal	29,303,299	29,470,495	(167,197)
	=====	=====	=====
Add: Estimated Supplementary Taxes	574,794	515,391	59,403
	=====	=====	=====
Less: Estimated Tax Write-Offs	1,286,170	1,722,514	(436,344)
	=====	=====	=====
Less: Other Adjustments	90,466	0	90,466
	=====	=====	=====
Total Education Taxes for the School Year	46,549,384	45,856,253	693,131
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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Education Grants For Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10	Variance 2009-10
Foundation Grants			
Elementary - General	60,259,695	60,257,740	1,955
Elementary - School Administration	10,761,157	10,745,652	15,505
Secondary - General	45,971,640	45,257,568	714,072
Secondary - School Administration	5,276,413	5,217,492	58,921
Subtotal - Foundation Grants	122,268,905	121,478,452	790,452
Special Purpose Grants			
Primary Class Size	5,094,856	5,075,775	19,081
Special Education	24,305,666	23,855,427	450,239
Language - ESL & FSL	3,534,084	3,570,147	(36,063)
Geographic & Small Schools	0	0	(0)
Learning Opportunities	2,822,960	2,850,993	(28,033)
Adult Education	2,764,247	2,140,687	623,560
Teacher Compensation	12,028,096	11,873,172	154,924
Transportation	11,074,300	9,736,095	1,338,205
Board Administration	6,244,120	6,208,087	36,033
School Operations	21,103,558	20,785,074	318,483
Declining Enrolment	307,009	673,992	(366,983)
Program Enhancement	588,650	588,650	-
First Nation Supplemental	160,039	114,745	45,294
Safe Schools	297,733	297,733	-
Subtotal - Special Purpose Grants	90,325,318	87,770,578	2,554,740
Capital Grants			
Facility Renewal	3,613,266	3,568,391	44,875
Good Places to Learn	2,026,468	2,013,046	13,422
New Pupil Places	5,293,117	5,088,073	205,044
Approved Debt Charges	1,227,918	1,207,918	20,000
Other Capital Programs	566,907	33,600	533,307
Subtotal - Capital Grants	12,727,676	11,911,028	816,648
Total Funding Allocations	225,321,898	221,160,058	4,161,840

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

Net Revenue & Net Expenditures for all Envelopes for Compliance Purposes

FINANCIAL STATEMENTS 2009-10			
	Net Revenue	Net Expenditures	Variance
	2009-10	2009-10	2009-10
Classroom			
Classroom Teachers	117,685,326	118,438,849	(753,523)
Occasional / Supply Teachers	2,567,567	6,136,086	(3,568,519)
Educational Assistants	13,531,302	14,195,401	(664,099)
Textbooks, Learning Materials & Equip.	6,948,173	6,537,090	411,083
Classroom Computers	1,138,792	772,049	366,743
Professionals & Paraprofessionals	6,519,001	4,471,026	2,047,975
Library & Guidance	4,584,178	5,017,251	(433,073)
Staff Development	258,805	232,275	26,530
Program Chairs	376,967	392,297	(15,330)
	-----	-----	-----
	153,610,111	156,192,324	(2,582,213)
Non-Classroom			
Principals, Vice-Principals	10,366,571	9,891,767	474,804
School Office Administration	5,779,430	4,901,666	877,764
Coordinators & Consultants	1,573,510	1,279,247	294,263
Board Administration	6,289,751	7,309,423	(1,019,672)
Operations & Maintenance - Schools	21,150,908	20,768,945	381,963
Continuing Education, Summer School	3,176,861	1,799,199	1,377,662
Pupil Transportation	11,102,894	10,606,777	496,117
	-----	-----	-----
	59,439,925	56,557,024	2,882,901
	-----	-----	-----
Net Operating Surplus (Deficit)	213,050,036	212,749,348	300,688
	=====	=====	=====
Facility Renewal & Debt Related			
School Facilities Renewal	3,613,266	465,056	3,148,210
Approved Debt & Other Capital Debt Service	3,365,479	3,208,876	156,603
New Pupil Places	5,293,117	5,757,192	(464,075)
Other Capital Expenses	0	0	-
	-----	-----	-----
Net Facility Renewal & Debt Related Surplus (Deficit)	12,271,862	9,431,124	2,840,738
	=====	=====	=====
Total Surplus (Deficit) for Compliance Purposes	225,321,898	222,180,472	3,141,426
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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

Special Education Funding Envelope for Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10
Special Education Funding Allocations		
SEPPA Grants - Elementary JK-3	4,498,295	4,481,447
SEPPA Grants - Elementary 4-8	4,756,370	4,769,031
SEPPA Grants - Secondary 9-12	3,275,161	3,224,288
Approved Specialized Equipment - Elementary	311,989	100,000
Approved Specialized Equipment - Secondary	75,000	50,000
Grants High Needs Students - Elementary	8,519,080	8,409,057
Grants High Needs Students - Secondary	2,783,534	2,750,000
Other Special Education Grants	-	-
Section 23 Education Programs	86,237	71,603
Total Special Education Funding Allocations	24,305,666	23,855,427
Special Education Expenditures		
Classroom Teachers	7,900,088	7,320,114
Occasional / Supply Teachers	24,554	81,942
Educational Assistants	13,862,327	14,020,175
Textbooks, Learning Materials, Classroom Supplies	673,897	605,000
Classroom Computers & Networks	70,778	103,000
Professionals, Paraprofessionals & Team Teachers	3,466,035	3,877,044
Library & Guidance	-	-
Staff Development	5,000	10,000
Coordinators & Program Officers	265,855	331,520
Total Expenditures for Special Education	26,268,534	26,348,795
Add (Less) Revenue & Adjustments applicable to Spec. Ed.	(377,697)	(432,793)
Total Special Education Net Expenditures	25,890,837	25,916,002
Unspent (Overspent) Special Education Funding Allocations	(1,585,171)	(2,060,575)
Note: Unspent Funding Allocations must be placed in the Special Education Reserve Fund		

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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Board Administration Funding Envelope for Compliance Purposes

	Financial Statements 2009-10	Annual Budget 2009-10
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Board Administration Funding Allocation		
Total Funding Allocation for Board Administration	6,289,751	6,290,417
Add: Additional Funding Allocations	0	0
Less: Other Adjustments	0	0
	-----	-----
	<u>6,289,751</u>	<u>6,290,417</u>
Board Administration Expenditures		
Net Expenditures relating to Board Administration	7,453,297	7,247,591
Add: Net strike savings attributable to Administration	0	0
Less: Transfer from Reserve Funds	0	(153,539)
Less: Net Revenue Attributable to Administration	(143,880)	(125,000)
Less: Other Adjustments	0	0
	-----	-----
	<u>7,309,417</u>	<u>6,969,052</u>
Unspent (Overspent) Board Admin. Funding	<u>(1,019,666)</u>	<u>(678,635)</u>
Note: If Funding Allocation is overspent by more than 15%, then the Board must submit a plan to reduce the expenditures within two years.		
Overspending as a percentage of funding allocation	<u>-16.2%</u>	<u>-10.8%</u>

APPENDIX B



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Expenditures by Department
For Compliance Purposes

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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

**Analysis of Expenditures by Department
Total Board Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Operating Expenditures			
Board Administration	7,453,297	7,247,592	205,705
Elementary Schools	108,809,985	107,949,112	860,873
Secondary Schools	66,677,355	64,705,647	1,971,708
Adult & Continuing Education	5,976,982	6,097,576	(120,594)
Plant Operations	18,354,769	17,536,179	818,591
Plant Maintenance	3,107,506	2,610,294	497,212
Student Transportation	10,617,454	10,692,348	(74,894)
Capital & Other Expenditures			
Good Places to Learn	2,003,446	2,003,446	(0)
Facilities Renewal	465,056	2,568,391	(2,103,335)
Approved Debt Charges	1,227,918	1,207,918	20,000
New Pupil Places	5,757,192	6,088,072	(330,880)
Other Capital Expenditures	0	0	0
	-----	-----	-----
Total Board Expenditures	230,450,960	228,706,574	1,744,385
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Board Administration Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	4,454,182	4,586,088	(131,906)
Employee Benefits	773,596	874,011	(100,416)
Professional Development	68,291	90,000	(21,709)
Supplies & Services			
General Administration	174,423	137,500	36,923
Business Administration	1,031,661	934,993	96,668
Program Administration	0	5,000	(5,000)
Computers	65,873	25,000	40,873
Furniture & Equipment	19,921	10,000	9,921
Fees & Contracts	865,350	585,000	280,350
	-----	-----	-----
Total Administration Expenditures	7,453,297	7,247,592	205,705
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

B₃

**Analysis of Expenditures by Department
Elementary School Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	91,033,888	90,276,460	757,428
Employee Benefits	12,467,960	12,448,433	19,527
Professional Development	320,212	305,000	15,212
Supplies & Services			
School Instruction Budgets	1,482,291	1,641,442	(159,151)
Central Instruction Budgets	1,919,115	1,450,000	469,115
Central Other Budgets	582,337	720,000	(137,663)
Computers	590,934	763,895	(172,961)
Furniture & Equipment	413,248	343,882	69,366
Fees & Contracts	0	0	0
	-----	-----	-----
Total Elementary School Expenditures	108,809,985	107,949,112	860,873
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Secondary School Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	54,944,254	53,529,335	1,414,919
Employee Benefits	7,232,220	6,783,715	448,505
Professional Development	258,991	120,000	138,991
Supplies & Services			
School Instruction Budgets	1,467,103	1,677,234	(210,131)
Central Instruction Budgets	2,121,173	1,700,950	420,223
Central Other Budgets	266,552	339,000	(72,448)
Computers	184,803	371,468	(186,665)
Furniture & Equipment	119,259	111,945	7,314
Fees & Contracts	83,000	72,000	11,000
	-----	-----	-----
Total Secondary School Expenditures	66,677,355	64,705,647	1,971,708
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Adult & Continuing Education Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	4,315,293	4,175,956	139,337
Employee Benefits	648,636	604,065	44,571
Professional Development	16,980	14,860	2,120
Supplies & Services			
School Instruction Budgets	946,455	1,271,695	(325,240)
Central Instruction Budgets	0	0	0
Central Other Budgets	0	0	0
Computers	47,565	15,000	32,565
Furniture & Equipment	0	10,000	(10,000)
Fees & Contracts	2,052	6,000	(3,948)
	-----	-----	-----
Total Adult & Cont. Ed. School Exp.	5,976,982	6,097,576	(120,594)
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Plant Operations Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	8,658,386	8,005,553	652,832
Employee Benefits	2,123,916	1,881,625	242,291
Professional Development	13,727	10,000	3,727
Supplies & Services			
Utilities	4,786,938	4,700,000	86,938
Cleaning & Operating	1,138,223	1,217,500	(79,277)
Sites & Grounds Maintenance	1,034,289	1,135,000	(100,711)
Computers	1,691	1,500	191
Furniture & Equipment	41,890	70,000	(28,110)
Fees & Contracts	555,709	515,000	40,709
	-----	-----	-----
Total Plant Operations Expenditures	18,354,769	17,536,179	818,591
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Plant Maintenance Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	1,246,202	1,075,075	171,127
Employee Benefits	265,043	255,219	9,824
Professional Development	7,455	7,500	(45)
Supplies & Services			
Department Operation	158,165	196,000	(37,835)
Mechanical & Electrical	539,127	545,000	(5,873)
Building Maintenance	769,137	450,000	319,137
Computers	1,604	1,500	104
Furniture & Equipment	1,179	30,000	(28,821)
Fees & Contracts	119,594	50,000	69,594
	-----	-----	-----
Total Plant Maintenance Expenditures	3,107,506	2,610,294	497,212
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Student Transportation Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Salary & Wages	236,031	246,686	(10,655)
Employee Benefits	53,805	35,624	18,181
Professional Development	2,162	2,408	(246)
Supplies & Services	66,094	56,195	9,899
Computers	21,690	11,185	10,505
Furniture & Equipment	0	0	0
Fees & Contracts			
Bus Transportation	9,320,276	8,978,235	342,041
Taxi & Minivan	207,433	512,015	(304,582)
Other Transportation	709,964	850,000	(140,036)
	-----	-----	-----
Total Student Transportation Exp.	10,617,454	10,692,348	(74,894)
	=====	=====	=====

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

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Analysis of Expenditures by Department
Good Places to Learn Expenditures

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Good Places to Learn	<u>2,003,446</u>	<u>2,003,446</u>	<u>(0)</u>

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

B10

**Analysis of Expenditures by Department
Facility Renewal Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
The Facility Renewal Expenditures include the following projects:			
Functional Improvement of Schools			
Replacement of Roofs			
Replacement of Windows			
Electrical & Wiring			
Heating & Ventilation			
Improved Accessibility			
Environmental & Remediation			
Pavement & Grounds			
Engineering Studies & Investigations & Building Condition Management			
Other Projects			
	-----	-----	-----
	465,056	2,568,391	(2,103,335)
 Other Upgrading Projects	 0	 0	 0
	-----	-----	-----
Total Facility Renewal Expenditures	465,056	2,568,391	(2,103,335)
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
Approved Capital & Debt Charges Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Approved Capital Expenditures			
Improved Accessibility Expenditures	0	0	0
	-----	-----	-----
Approved Debt Charges Expenditures			
Under the New Funding Model, the Board will receive grants to support the payment of principal and interest payable on Debentures and Capital Loans Outstanding on May 18, 1998			
Principal Payments	632,000	612,000	20,000
Interest Payments	478,431	478,431	(0)
	-----	-----	-----
	1,110,431	1,090,431	20,000
Total Approved Debt Charges	1,227,918	1,207,918	20,000
	=====	=====	=====

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

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**Analysis of Expenditures by Department
New Pupil Places Expenditures**

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Debt Charges on 25 year Capital Loans			
During the year the Board will incur costs relating to principal and interest payments on debentures and capital loans established to support the construction of new schools, additions and renovations	-----	-----	-----
	5,279,249	5,284,587	(5,338)
	-----	-----	-----
Furniture & Equipment & Leases			
During the year the Board will incur costs to purchase new Furniture & Equipment and to lease portable classrooms	-----	-----	-----
	477,943	803,485	(325,542)
	-----	-----	-----
Total New Pupil Places Expenditures	5,757,192	6,088,072	(330,880)
	=====	=====	=====

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

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Analysis of Expenditures by Department
Other Capital expenditures

	Financial Statements 2009-10	Annual Budget 2009-10	Increase (Decrease)
	-----	-----	-----
Other Capital Expenditures	0	0	0
Other Capital Expenditures	0	0	0
	-----	-----	-----
Total Provision for Reserves	0	0	0
	=====	=====	=====

APPENDIX C



NIAGARA CATHOLIC
DISTRICT SCHOOL BOARD

FINANCIAL STATEMENTS

Information on the implementation
of the PSAB Regulations

C,

**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS**

**Tangible Capital Assets
For Year Ending August 31, 2010**

	Total Book Value 2009-10	Accumulated Depreciation 2009-10	Net Book Value 2009-10
	-----	-----	-----
ASSETS IN SERVICE			
Land	6,859,287	-	6,859,287
Land Improvements	2,744,829	855,809	1,889,020
Buildings - 40 Years Amortization	191,446,825	59,681,394	131,765,431
Other Buildings	-	-	-
Portable Structures	4,903,757	3,412,755	1,491,002
	-----	-----	-----
Total Land & Buildings	205,954,698	63,949,958	142,004,740
	-----	-----	-----
Equipment - 5 Years Amortization	755,657	259,712	495,945
Equipment - 10 Years Amortization	-	-	-
Equipment - 15 Years Amortization	-	-	-
First Time Equipping - 10 Years Amortization	3,630,116	2,572,038	1,058,078
Furniture	32,926	19,209	13,717
	-----	-----	-----
Total Furniture & Equipment	4,418,699	2,850,959	1,567,740
	-----	-----	-----
Computer Hardware	3,784,162	2,305,459	1,478,703
Computer Software	821,696	434,244	387,452
Vehicles - under 1 ton	106,900	36,517	70,383
Vehicles - over 1 ton	-	-	-
	-----	-----	-----
Total Computers & Vehicles	4,712,758	2,776,220	1,936,538
	-----	-----	-----
Construction In Progress	14,811,113	-	14,811,113
	-----	-----	-----
TOTAL ASSETS IN SERVICE	229,897,268	69,577,137	160,320,131
	=====	=====	=====

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

Net Debentures, Capital Loans & Leases
For Year Ending August 31, 2010

	Financial Statements 2009-10	Financial Statements 2008-09
APPROVED CAPITAL DEBT		
Pre-1998 Debenture 1	2,112,000	2,373,000
Pre-1998 Debenture 2	3,168,000	3,539,000
	5,280,000	5,912,000
CAPITAL LOANS ISSUED BY OSBFC		
2001 - A1 Capital Loan	5,867,325	5,867,326
2001 - A2 Capital Loan	14,833,277	14,833,277
2002 - A1 Capital Loan	2,729,430	2,729,430
2002 - A2 Capital Loan	19,286,548	19,903,303
2003 - A1 Capital Loan	4,244,570	4,244,570
2003 - A2 Capital Loan	4,701,182	4,840,156
2005 - A1 Capital Loan	7,939,010	8,659,996
	59,601,342	61,078,058
DEBENTURES ISSUED BY OFA		
2006 - GPL Stage 1 Debenture	12,853,292	13,199,588
2008 - GPL Stage 2 Debenture	9,897,428	10,129,567
2009 - GPL Stage 3 Debenture	4,585,477	4,683,112
2011 - GPL Stage 4 Debenture	-	-
	27,336,197	28,012,267
Subtotal Debentures, Capital Loans & Leases	92,217,539	95,002,325
Less: Total Sinking Funds Cash Balance	1,612,736	1,330,632
Total Debentures, Capital Loans & Leases	90,604,803	93,671,693

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

Consolidated Statement of Financial Position
For Year Ending August 31, 2010

	Financial Statements 2009-10	Financial Statements 2008-09	161052
FINANCIAL ASSETS			
Cash and Cash Equivalents	23,339,078	33,350,334	
Temporary Investments	-	-	
Accounts Receivable	10,156,617	9,768,462	
Accounts Receivable re Approved Capital	85,611,669	-	
Long Term Investments	-	-	
Other	-	-	
TOTAL FINANCIAL ASSETS	119,107,364	43,118,796	
LIABILITIES			
Temporary Borrowing	-	-	
Accounts Payable & Accrued Liabilities	11,838,919	8,622,226	
Other Liabilities	-	-	
Net Debenture Debt, Capital Loans & Leases	90,604,803	93,671,691	
Deferred Revenue	8,510,305	8,249,995	
Employee Benefits Payable	17,453,781	16,392,450	
TOTAL LIABILITIES	128,407,808	126,936,362	
NET DEBT	(9,300,444)	(83,817,566)	
NON FINANCIAL ASSETS			
Prepaid Expenses	55,715	89,555	
Inventories of Supplies	-	-	
Tangible Capital Assets	160,320,131	149,985,725	
TOTAL NON-FINANCIAL ASSETS	160,375,846	150,075,280	
ACCUMULATED SURPLUS (DEFICIT)	151,075,402	66,257,714	

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

Consolidated Statement of Operations
For Year Ending August 31, 2010

	Financial Statements 2009-10	Financial Statements 2008-09
	-----	-----
REVENUES		
Provincial Grants - GSN	264,384,128	168,848,225
Provincial Grants - Other	7,145,773	5,516,556
Local Taxation	46,549,384	46,163,808
School Generated Funds	8,962,590	8,902,945
Federal Grants and Fees	613,993	411,882
Investment income	138,540	396,596
Other Revenues	191,743	-
Other Fees	1,789,935	2,719,082
	-----	-----
	329,776,086	232,959,094
	-----	-----
EXPENSES		
Instruction	182,444,952	174,787,113
Administration	7,454,674	7,782,931
Transportation	10,620,996	11,166,575
Pupil Accommodation	35,328,350	33,782,068
School generated Funds	8,991,938	8,735,103
Other	117,487	117,487
	-----	-----
	244,958,397	236,371,277
	-----	-----
ANNUAL SURPLUS (DEFICIT)	84,817,689	(3,412,183)
	=====	=====
ACCUMULATED SURPLUS (DEFICIT), Beginning	66,257,713	69,669,896
	=====	=====
ACCUMULATED SURPLUS (DEFICIT), Ending	151,075,402	66,257,713
	=====	=====

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NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
2009-10 FINANCIAL STATEMENTS

Accumulated Surplus (Deficit)
For Year Ending August 31, 2010

	Financial Statements 2009-10	Financial Statements 2008-09
Accumulated Surplus (Deficit)		
Available for Compliance - Unappropriated		
Total Operating Accumulated Surplus	9,947,062	9,920,760
Accumulated Surplus (Deficit)		
Available for Compliance - Appropriated		
Retirement Gratuity	-	-
WSIB Claims	928,688	924,860
NPP - Deferred Revenue	-	7,488,320
FRP - Deferred Revenue	9,183,127	9,724,645
Contingency	849,989	846,486
Benefits Stabilization	318,184	316,872
Other	-	-
	11,279,988	19,301,183
Total Accumulated Surplus (Deficit)		
Available for Compliance	21,227,050	29,221,943
Total Accumulated Surplus (Deficit)		
Not Available for Compliance	129,848,352	3,735,772
Grand Total Accumulated Surplus (Deficit)	151,075,402	32,957,715

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
SPECIAL BOARD MEETING
PUBLIC SESSION
NOVEMBER 29, 2010**

**TOPIC: OFFICIAL AUDITED FINANCIAL STATEMENTS
FOR THE YEAR 2009-2010**

RECOMMENDATION

THAT the Niagara Catholic District School Board approve the Audited Financial Statements for the year ended October 31, 2010.

Prepared by: Larry Reich, Superintendent of Business and Financial Services

Presented by: Larry Reich, Superintendent of Business and Financial Services

Approved by: John Crocco, Director of Education

Date: November 29, 2010

*crawford
smith &
swallow*

**NIAGARA CATHOLIC DISTRICT
SCHOOL BOARD**

Consolidated Financial Statements

August 31, 2010



NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

Consolidated Financial Statements

August 31, 2010

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Consolidated Statement of Change in Net Financial Liabilities	6
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**NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
MANAGEMENT REPORT**

August 31, 2010

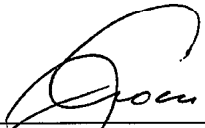
The accompanying consolidated financial statements of the Niagara Catholic District School Board are the responsibility of the Board's management and have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

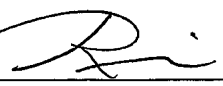
Board management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis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

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

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



Director of Education
Mr. John Crocco
October 15, 2010



Chief Financial Officer
Mr. Larry Reich, CA
October 15, 2010

Crawford, Smith and Swallow
Chartered Accountants LLP

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Port Colborne, Ontario

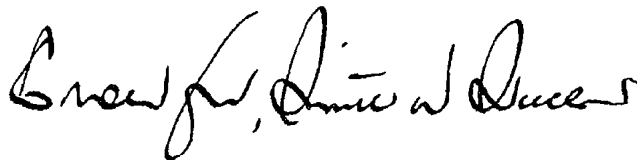
AUDITORS' REPORT

To the Trustees of the
Niagara Catholic District School Board

We have audited the consolidated statement of financial position of Niagara Catholic District School Board as at August 31, 2010 and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial liabilities for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Niagara Falls, Ontario
October 15, 2010

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS


NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

August 31, 2010

	2010 \$	2009 \$
Financial Assets		
Cash	23,339,078	33,350,334
Accounts receivable	10,156,618	9,768,462
Accounts receivable - Province of Ontario approved capital - note 3	85,611,669	-
	119,107,365	43,118,796
Contingent Liabilities - note 13		
Financial Liabilities		
Accounts payable and accrued liabilities	11,838,919	8,622,226
Deferred revenue - note 4	8,510,305	8,249,994
Employee future benefits - note 5	17,453,782	16,392,450
Net long-term liabilities - note 6	90,604,803	93,671,693
	128,407,809	126,936,363
Net Financial Liabilities	(9,300,444)	(83,817,567)
Non-Financial Assets		
Tangible capital assets - schedule 1	160,320,131	149,985,725
Prepaid expense	55,715	89,555
	160,375,846	150,075,280
Accumulated Surplus - note 7	151,075,402	66,257,713

Signed on behalf of the Board:

 Chairperson of the Board
 Director of Education

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended August 31, 2010

	Budget \$	2010 \$	2009 \$
Revenues			
Local taxation	45,856,253	46,549,384	46,163,808
Provincial legislative grants	261,160,628	264,384,128	168,848,225
Provincial grants - other	3,035,080	7,145,773	5,516,556
Federal grants and fees	431,383	613,993	411,882
Other fees and revenue	2,326,518	1,981,678	2,719,081
Investment income	314,000	138,540	396,597
School fundraising	9,400,000	8,962,590	8,902,945
	322,523,862	329,776,086	232,959,094
Expenditures			
Instruction	178,870,493	182,444,952	174,787,113
Administration	7,248,973	7,454,674	7,782,931
Transportation	10,695,889	10,620,996	11,166,575
Pupil accommodation	33,775,371	35,328,350	33,782,068
Other operating expenses	117,487	117,487	117,487
School funded activities	9,300,000	8,991,938	8,735,103
	240,008,213	244,958,397	236,371,277
Excess (Deficiency) of Revenues Over Expenses	82,515,649	84,817,689	(3,412,183)
Accumulated Surplus, Beginning of Year	66,257,713	66,257,713	69,669,896
Accumulated Surplus, End of Year	148,773,362	151,075,402	66,257,713

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended August 31, 2010

	2010 \$	2009 \$
Operations		
Excess (deficiency) of revenues over expenses	84,817,689	(3,412,183)
Sources (Uses)		
Change in accounts receivable	(388,156)	(2,039,045)
Change in accounts receivable - Province of Ontario approved capital	(85,611,669)	-
Change in prepaid expenses	33,840	237,333
Change in accounts payable and accrued liabilities	3,216,693	733,847
Change in deferred revenue	260,311	2,708,310
Change in employee future benefits	1,061,332	798,426
	(81,427,649)	2,438,871
Non-cash charges to operations		
Amortization of tangible capital assets	7,719,919	7,774,080
Loss on disposal of tangible capital assets	-	28,071
	7,719,919	7,802,151
Net increase in cash from operations	11,109,959	6,828,839
Capital		
Acquisition of tangible capital assets	(18,120,126)	(6,994,996)
Proceeds on disposal of tangible capital assets	65,801	-
Net decrease in cash from capital activities	(18,054,325)	(6,994,996)
Financing		
Long-term financing issued	-	4,683,110
Debt repayments and sinking fund contributions	(3,066,890)	(2,818,327)
Net increase (decrease) in cash from financing	(3,066,890)	1,864,783
Increase (Decrease) in Cash Position	(10,011,256)	1,698,626
Cash Position, Beginning of Year	33,350,334	31,651,708
Cash Position, End of Year	23,339,078	33,350,334

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

for the year ended August 31, 2010

	2010 \$	2009 \$
Excess (Deficiency) of Revenues over Expenses	84,817,689	(3,412,183)
Acquisition of Tangible Capital Assets	(18,120,126)	(6,994,996)
Amortization of Tangible Capital Assets	7,719,919	7,774,080
Loss on Disposal of Tangible Capital Assets	-	28,071
Proceeds on Disposal of Tangible Capital Assets	65,801	-
Change in Prepaid Expenses	33,840	237,333
Decrease (Increase) in Net Financial Liabilities	74,517,123	(2,367,695)
Net Financial Liabilities, Beginning of Year	(83,817,567)	(81,449,872)
Net Financial Liabilities, End of Year	(9,300,444)	(83,817,567)

See accompanying notes

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

1. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants.

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Board and which are controlled by the Board.

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

Niagara Student Transportation Services Consortium
School Generated Funds

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

(b) Trust funds

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements as they are not controlled by the Board.

(c) Basis of accounting

Revenue and expenses are accounted for on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

(d) 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 90 days.

(e) Tangible capital assets

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes all directly attributable expenditures in the acquisition, construction, development and/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.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

1. Significant Accounting Policies - continued

(e) Tangible capital assets - continued

<u>Asset Class</u>	<u>Period</u>	<u>Basis</u>
General Assets		
Land	- NIL	
Land improvements	- 15 years	straight line
Buildings	- 40 years	straight line
Portable structures	- 20 years	straight line
Equipment	- 5-15 years	straight line
First-time equipping	- 10 years	straight line
Furniture	- 10 years	straight line
Computer hardware	- 5 years	straight line
Computer software	- 5 years	straight line
Vehicles	- 5years	straight line

Tangible assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the asset as at the date of transfer.

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service cease to be amortized and the carrying value is written down to its residual value.

The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed in the consolidated financial statements.

(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 and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services provided.

(g) Retirement and other employee future benefits

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, future paid sick leave benefits, retirement gratuity, workers' compensation and long-term disability benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (i) The costs of self insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days during employment and at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

1. Significant Accounting Policies - continued

(g) Retirement and other employee future benefits - continued

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by the employees, such as future paid sick leave benefits or retirement gratuities, the cost is actuarially determined using projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

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

(ii) The costs of 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.

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

(h) Government transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

(i) 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.

(j) Net long-term liabilities

Net long-term liabilities are recorded net of related sinking fund assets.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

1. Significant Accounting Policies - continued

(k) Budget figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and Canadian generally accepted accounting principles established by the PSAB, the budget figures presented have been adjusted to conform with the basis of accounting used to prepare the consolidated financial statements. The budget figures are unaudited.

(l) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenues and expenses during the reporting period. Accounts subject to significant estimates include accounts receivable, accounts receivable - Province of Ontario, accounts payable and accrued liabilities and employee future benefits. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

2. Change in Accounting Policies

The Board has implemented Section 1200 Financial Statement Presentation and Section 3150 Tangible Capital Assets of the PSAB Handbook. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. Historical cost includes the costs directly related to the acquisition, design, construction, development, improvement or betterment of tangible capital assets. Cost includes overheads directly attributable to construction and development.

When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The estimates for land and building were determined by the Ministry of Education using an estimation methodology called the Book Value Calculator, using historical information provided by the Board. Other asset classes are recorded at historical cost where adequate information was available. If adequate information was not available, an alternative method was used to estimate a reasonable cost.

This accounting change has been applied on a retroactive basis and the prior period figures have been restated in the following manner:

	2009
	\$
Accumulated Surplus	
Operating fund	-
Capital fund	(5,426,489)
Reserves and reserve funds	29,221,943
School activities fund	2,136,985
Amounts to be recovered - employee future benefits	(15,988,758)
Amounts to be recovered - net long-term liabilities	(93,671,693)
Accumulated surplus, as previously reported	(83,728,012)
Tangible capital assets at net book value	149,985,725
Accumulated surplus, as restated	66,257,713
Excess of Revenues over Expenses	
Excess of revenues over expenses, as previously reported	(2,605,028)
Assets capitalized but previously expensed	6,994,996
Amortization expense not previously recorded	(7,774,080)
Loss on disposal of tangible capital assets	(28,071)
Excess of revenues over expenses, as restated	(3,412,183)

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

3. Accounts Receivable - Province of Ontario

The Province of Ontario ("Province") has replaced variable capital funding with a one-time debt support grant. The Board will receive a one-time grant that recognizes capital debt as of August 31, 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments.

The Board has an accounts receivable from the Province of \$ 85,611,669 as at August 31, 2010 with respect to this one-time grant and is subject to approval by the Ministry of Education.

4. 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, 2010 is comprised of:

	2010 \$	2009 \$
Proceeds of disposition	4,665,899	4,655,630
Special education	155,103	229,786
Energy efficient schools - operating	10,522	307,678
Energy efficient schools - capital	2,546,397	2,005,072
Others	1,132,384	1,051,828
	8,510,305	8,249,994

	2010 \$	2009 \$
Balance, beginning of year	8,249,994	4,830,400
Additions/transfers	249,092	3,364,577
Interest earned	11,219	55,017
Balance, end of year	8,510,305	8,249,994

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

5. Employee Future Benefits

	2010 \$	2009 \$
Future paid sick leave benefits	10,431,228	9,857,568
Retirement gratuities	5,255,414	5,136,640
WSIB - Schedule II future liability	1,481,278	1,194,660
Vacation pay	285,862	203,582
	17,453,782	16,392,450

Ontario Teachers' Pension Plan

Teachers and related employee groups are eligible to be members of 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.

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, 2010, the Board contributed \$ 2,006,446 (2009 - \$ 1,789,418) 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.

Future Paid Sick Leave Benefits

The Board allows for the accumulation of sick days for certain groups of employees hired after specified dates up to an allowable maximum provided in their employment agreements. Accumulated credits may be used in future years to the extent that the duration of the employee's illness or injury exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. 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.

As a result of an actuarial valuation for the year ending August 31, 2009, it was determined that an actuarial loss of \$ 4,313,181 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 3,793,319. The actual obligation is \$ 14,224,547.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

5. Employee Future Benefits - continued

Retirement Gratuities

The Board provides retirement gratuities to certain groups of employees hired prior to specified dates. The amount of the gratuities paid to eligible employees at retirement is based on their salary, accumulated sick days, and years of service at retirement. 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.

As a result of an actuarial valuation for the year ending August 31, 2009, it was determined that an actuarial loss of \$ 890,286 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value is \$ 667,780. The actual obligation is \$ 5,923,194.

WSIB - Schedule II Future Liability

The Board is a Schedule II 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.

A reserve has been established for this liability. The balance as at August 31, 2010 is \$ 928,687 (2009 - \$ 924,860).

Future paid sick leave benefits:

	2010 \$	2009 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	10,431,228	9,857,568
Employee benefit plan deficit	10,431,228	9,857,568

	2010 \$	2009 \$
Accrued benefit obligation, beginning of year	9,857,568	9,444,509
Expense for the year	1,685,872	1,654,113
Benefits paid during the year	(1,112,212)	(1,241,054)
Accrued benefit obligation, end of year	10,431,228	9,857,568

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

5. Employee Future Benefits - continued

Retirement gratuities:

	2010 \$	2009 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	5,255,414	5,136,640
Employee benefit plan deficit	5,255,414	5,136,640

	2010 \$	2009 \$
Accrued benefit obligation, beginning of year	5,136,640	5,074,431
Expense for the year	671,566	675,444
Benefits paid during the year	(552,792)	(613,235)
Accrued benefit obligation, end of year	5,255,414	5,136,640

WSIB Schedule II future liability:

	2010 \$	2009 \$
Employee benefit plan assets	-	-
Employee benefit plan liabilities	1,481,278	1,194,660
Employee benefit plan deficit	1,481,278	1,194,660

	2010 \$	2009 \$
Accrued benefit obligation, beginning of year	1,194,660	884,810
Expense for the year	682,002	710,159
Benefits paid during the year	(395,384)	(400,309)
Accrued benefit obligation, end of year	1,481,278	1,194,660

The accrued benefit obligations for future paid sick leave benefits, retirement gratuities and WSIB Schedule II future liability benefit plans as at August 31, 2010 are based on actuarial valuations for accounting purposes. These actuarial valuations were based on assumptions about future events. The economic assumptions used in the valuations are the Board's best estimates of expected rates of:

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

5. Employee Future Benefits - continued

General Inflation - Future general inflation levels were assumed between 1.5% and 2%.

Interest (Discount) Rate - The present value of future liabilities and the expense were determined using discount rates of 4.25% and 4.5%.

6. Net Long-Term Liabilities

The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2010 \$	2009 \$
Unmatured debenture debt	79,376,214	82,161,000
Sinking fund debentures	12,841,325	12,841,325
Less: Sinking fund assets	(1,612,736)	(1,330,632)
	90,604,803	93,671,693

The net-long-term liabilities outstanding amount of \$ 90,604,803 bears interest at annual rates ranging from 4.56% to 8.5% maturing between 2011 and 2033. Principal of \$ 90,604,803 plus interest of \$ 50,794,242 are payable over the next five years and thereafter as follows:

	Principal and Sinking Fund Contributions \$	Interest \$	Total \$
2011	3,279,835	5,198,267	8,478,102
2012	8,194,215	4,836,523	13,030,738
2013	3,554,319	4,462,347	8,016,666
2014	7,194,879	4,134,412	11,329,291
2015	3,573,198	3,785,157	7,358,355
Thereafter	64,808,357	28,377,536	93,185,893
	90,604,803	50,794,242	141,399,045

Included in net long-term debt are outstanding debentures of \$ 12,841,325 (2009 - \$ 12,841,325) secured by sinking fund assets with a carrying value of \$ 1,612,736 (2009 - \$ 1,330,632). Sinking fund assets are comprised of bank deposits.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

7. Accumulated Surplus

	2010 \$	2009 \$
Available for Compliance Operating fund	9,947,062	9,920,760
Available for Compliance - Internally Appropriated Reserves and reserve funds	11,279,988	19,301,183
Unavailable for Compliance		
Invested in tangible capital assets	140,576,243	144,559,236
Amounts to be recovered - employee future benefits	(16,851,229)	(15,988,758)
Amounts to be recovered - net long-term liabilities	(90,604,803)	(93,671,693)
School activities fund	2,107,637	2,136,985
Provincial capital wrap-up receivable	94,554,703	-
Proceeds of disposition relating to net book value of disposed assets	65,801	-
	129,848,352	37,035,770
	151,075,402	66,257,713

8. Trust Funds

Trust Funds administered by the Board, which have not been included on the Consolidated Statement of Financial Position nor have their operations been included on the Consolidated Statement of Operations, are comprised of the following:

	2010 \$	2009 \$
Larkin Award Fund	14,054	15,430
Kristen French Scholarship Fund	127,599	129,072
Marion Oakley Fund	5,298	5,278
Nicole Longe Memorial Fund	7,003	6,976
James and Anna McGarry	8,370	8,539
Teachers Finance Leave Plan	823,302	1,072,821
Michael and Isabelle Moran	53,315	54,116
Hugo and Corrinne Massotti	56,142	57,934
	1,095,083	1,350,166

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

9. Debt Charges and Capital Loan Interest

The expenditure for debt charges and capital loan interest includes principal, sinking fund contributions and interest payments as follows:

	2010 \$	2009 \$
Principal payments on long-term capital loans	3,066,890	2,818,327
Interest payments on long-term capital loans	5,326,237	5,309,477
	8,393,127	8,127,804

10. Expenditures by Object

The following is a summary of the current and capital expenditures reported on the "Consolidated Statement of Financial Activities" by object:

	2010 \$	2009 \$
Current expenditures:		
Salaries and wages	164,689,476	157,927,843
Employee benefits	24,626,409	21,753,894
Staff development	687,819	645,252
Supplies and services	20,111,685	20,585,564
Interest	5,326,237	5,309,477
Rental expenditures	567,943	603,090
Fee and contract services	12,236,971	13,036,973
	228,246,540	219,862,093
Amortization of tangible capital assets	7,719,919	7,774,081
School funded activities	8,991,938	8,735,103
Total expenditures by object	244,958,397	236,371,277

11. Ontario School Board Insurance Exchange

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 \$ 20,000,000 per occurrence.

The ultimate premiums over a five year period are based on the reciprocal's 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, 2011.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended August 31, 2010

12. Related Party Transactions

Related party transactions during the year not separately disclosed in the consolidated financial statements include the following:

An amount of \$ 112,247 has been received from the Niagara Foundation for Catholic Education and recorded net of related expenditures.

13. Contractual Obligations and Contingent Liabilities

Legal

As at August 31, 2010, the Board has certain legal claims outstanding. It is management's assertion that adequate insurance coverages are in effect for the settlement of these claims, if necessary.

Letters of Credit

The Board has authorized letters of credit in favour of the City of Welland in the amount of \$ 60,000 and the Town of Grimsby in the amount of \$ 421,860. All of these letters of credit relate to site plan deposits. These letters of credit are covered under the security as described under credit facilities in note 15.

14. Commitments

Capital Expenditures

The Board is committed to spending approximately \$ 15,000,000 on capital projects in the following year.

Lease Obligations

The Board is committed to make the following minimum future lease payments under several operating leases over the next five years:

	\$
2011 -	714,575
2012 -	520,545
2013 -	220,627
2014 -	76,324
2015 -	37,390

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

15. Credit Facilities

The Board has two facilities available at any time for use. Credit facility #1 is a revolving demand operating credit available in the amount of \$ 12,000,000 for use for current expenditures only and bears interest at prime less 1/2%. Credit facility #2 is a revolving demand instalment loan in the amount of \$ 500,000 to finance capital expenditures which would bear interest at prime. As at August 31, 2010, \$ 481,860 has been drawn upon by way of letters of credit as per note 13 against credit facility #1 and NIL against credit facility #2. Security is by way of executed by-laws in compliance with applicable legislative requirements.

16. Financial Instruments

Fair value

The Board's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their immediate or short-term liquidity.

Fair value information with respect to net long-term liabilities has been omitted because it is not practical to determine fair value with sufficient reliability.

Credit risk

The Board is exposed to credit risk on certain sundry accounts receivable. However, because of the large number of accounts, credit risk concentration is reduced to a minimum.

Cash flow risk

The Board's net long-term debt is at fixed interest rates, thus limiting the cash flow risk.

The Board has short-term deposits and variable rate credit facilities bearing interest which varies with the prime interest rate. Accordingly, the Board is exposed to cash flow risks relating to potential fluctuations in market interest rates.

17. Niagara Student Transportation Services Consortium

On March 6, 2007, the Board entered into an agreement with the District School Board of Niagara ("DSBN") to provide common administration of student transportation services. On March 9, 2007, Niagara Student Transportation Services ("NSTS") was incorporated under the Corporations Act of Ontario. Each Board participates in the shared costs associated with this service for the transportation of their respective students through NSTS. No Board is in a position to exercise unilateral control.

The entity is proportionately consolidated in the Board's consolidated financial statements to reflect the Board's pro-rata share of assets, liabilities, revenues and expenses. Inter-organizational transactions and balances between these organizations are eliminated.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended August 31, 2010

18. Future Accounting for Contributions Used for Capital

In the Ministry of Finance Addendum to the 2010 Ontario Budget: Ontario's Plan to Enhance Accountability, Transparency and Financial Management, the government provided direction to school boards on the accounting treatment of capital contributions. This addendum proposes that, effective the fiscal year beginning on September 1, 2010, school boards in Ontario will adopt accounting policies consistent with the Province, which includes a policy to recognize government transfers and external contributions used in the acquisition of tangible capital assets over the period that the asset is expected to provide service. This policy is to ensure consistency with the current practice of senior governments in Canada and other major broader public-sector organizations (hospitals, colleges and universities), and to ensure school board operating surpluses or deficits are not distorted by capital grant revenues.

This accounting treatment is not currently a recognized option by PSAB and could not be implemented within these financial statements.

19. Comparative Figures

Certain prior year figures have been restated to conform with the current year's presentation.

NIAGARA CATHOLIC DISTRICT SCHOOL BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended August 31, 2010

Schedule 1

	Balance, Beginning of Year			Cost			Accumulated Amortization			Balance, End of Year		Net Book Value
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Land	6,925,088	-	65,801	6,859,287	-	-	-	-	-	-	6,859,287	
Land improvements	2,248,303	496,525	-	2,744,828	-	-	166,444	-	855,808	1,889,020		
Buildings	186,194,706	5,252,119	-	191,446,825	53,923,619	-	5,757,775	-	59,681,394	131,765,431		
Portable structures	5,378,157	-	474,400	4,903,757	3,621,174	474,400	265,982	474,400	3,412,756	1,491,001		
Equipment	586,724	262,285	93,352	755,657	218,826	93,352	134,238	93,352	259,712	495,945		
First-time equipping	3,617,925	20,722	8,531	3,630,116	2,218,167	8,531	362,402	8,531	2,572,038	1,058,078		
Furniture	32,926	-	-	32,926	15,916	-	3,293	-	19,209	13,717		
Computer hardware	4,666,665	332,365	1,214,868	3,784,162	2,675,244	1,214,868	845,083	1,214,868	2,305,459	1,478,703		
Computer software	865,280	116,264	159,848	821,696	425,394	159,848	168,698	159,848	434,244	387,452		
Vehicles	53,139	53,761	-	106,900	20,513	-	16,004	-	36,517	70,383		
Construction in progress	3,225,029	11,586,085	-	14,811,114	-	-	-	-	-	14,811,114		
August 31, 2010	213,793,942	18,120,126	2,016,800	229,897,268	63,808,217	1,950,999	7,719,919	1,950,999	69,577,137	160,320,131		
Land	6,925,088	-	-	6,925,088	-	-	-	-	-	6,925,088		
Land improvements	1,846,797	432,697	31,191	2,248,303	554,938	-	137,545	3,119	689,364	1,558,939		
Buildings	183,699,720	2,494,986	-	186,194,706	48,266,143	-	5,657,476	-	53,923,619	132,271,087		
Portable structures	5,698,400	14,557	334,800	5,378,157	3,672,540	334,800	283,434	334,800	3,621,174	1,756,983		
Equipment	404,534	272,112	89,922	586,724	209,623	89,923	99,126	89,923	218,826	367,898		
First-time equipping	3,948,622	1,150	331,847	3,617,925	2,171,687	331,847	378,327	331,847	2,218,167	1,399,758		
Furniture	50,245	-	17,319	32,926	29,076	-	4,159	17,319	15,916	17,010		
Computer hardware	5,654,174	471,910	1,459,419	4,666,665	3,102,579	1,459,419	1,032,084	1,459,419	2,675,244	1,991,421		
Computer software	815,115	111,433	61,268	865,280	318,623	61,268	168,039	61,268	425,394	439,886		
Vehicles	85,763	27,283	59,907	53,139	66,530	-	13,890	59,907	20,513	32,626		
Construction in progress	56,161	3,168,868	-	3,225,029	-	-	-	-	-	3,225,029		
August 31, 2009	209,184,619	6,994,996	2,385,673	213,793,942	58,391,739	2,357,602	7,774,080	2,357,602	63,808,217	149,985,725		

See accompanying notes

crawford smith & swallow

**TO: NIAGARA CATHOLIC DISTRICT SCHOOL BOARD
SPECIAL BOARD MEETING
PUBLIC SESSION
NOVEMBER 29, 2010**

TOPIC: AUDIT LETTERS

RECOMMENDATION

THAT the Niagara Catholic District School Board receive the Audit Letters as presented.

Prepared by: Larry Reich, Superintendent of Business and Financial Services

Presented by: Larry Reich, Superintendent of Business and Financial Services

Approved by: John Crocco, Director of Education

Date: November 29, 2010

Crawford, Smith and Swallow
Chartered Accountants LLP

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Fort Erie, Ontario
Niagara-on-the-Lake, Ontario
Port Colborne, Ontario

November 26, 2010

Niagara Catholic District School Board
427 Rice Road
Welland, Ontario
L3C 7C1

Attention: Board of Trustees

Dear Members of the Board of Trustees:

Re: Niagara Catholic District School Board
Management Letter for the Year Ended August 31, 2010

We have now completed our examination of the consolidated financial statements of the Niagara Catholic District School Board for the year ended August 31, 2010. As stated in our report dated October 15, 2010 addressed to the Trustees of the Board, the consolidated financial statements are the responsibility of management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2010 and the results of operations for the year then ended in accordance with Canadian generally accepted accounting principles.

We were provided with full and excellent co-operation by the management and staff and no limitations of any kind were placed on the scope of our examination.

It is our office policy to report on internal control weaknesses which come to our attention in the course of our audit and recommend improvement for the future. We are pleased to advise that no significant matters were noted in the current year. Matters of a minor nature were discussed with the appropriate staff at the time of our audit.

As in prior years, we were impressed with the quality of work performed by the Board's accounting department. Mr. Larry Reich, Mr. Bill Tumath and the accounting department continue to provide our office with an outstanding year end financial package.

We would like to take this opportunity to thank Mr. Reich, Mr. Tumath and the accounting department for all assistance provided to our office in the course of our audit.

Yours very truly,

CRAWFORD, SMITH AND SWALLOW
CHARTERED ACCOUNTANTS LLP



Mark Palumbi, CA
Engagement Partner

MP*gz

c.c. Mr. J. Crocco, Director of Education/Secretary Treasurer
Mr. L. Reich, Superintendent of Business & Financial Services

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*crawford
smith &
swallow*

August 30, 2010

Board of Trustees
Niagara Catholic District School Board
427 Rice Road
Welland, Ontario
L3C 7C1

**PLEASE KEEP FOR
REFERENCE**

Dear Members of the Board of Trustees:

The following is the communication prior to the completion of the audit of Niagara Catholic District School Board for the year ended August 31, 2010 required under assurance section 5751.15 of the CICA Handbook.

Auditors' Responsibilities under Generally Accepted Auditing Standards and Planning the Audit

The August 31, 2010 consolidated financial statements are covered by the auditors' report. The preparation of these consolidated financial statements and the accompanying notes are the responsibility of management. As stated in our engagement letter dated August 30, 2010, our responsibility is to express our opinion on these consolidated financial statements based on our audit. An audit is performed to obtain reasonable but not absolute assurance as to whether the consolidated financial statements are free of material misstatement.

The audit included assessing the risk that the consolidated financial statements contained material misstatements, examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and their application and assessing the significant estimates made by management.

It is management's responsibility to ensure that the internal control systems are capable of producing accurate and timely financial information. A sufficient understanding of these controls was obtained to plan the audit and, when control risk was assessed below maximum, sufficient appropriate audit evidence was obtained through tests of controls to support the assessment.

Non-Audit Services

The following are the non-audit services that we are providing to Niagara Catholic District School Board:

Preparation of the audited consolidated financial statements in accordance with Public Sector Accounting Board ("PSAB") Standards.

Audit Approach

The following is a summary of the audit approach of Niagara Catholic District School Board for the year ended August 31, 2010. This list is not meant to be all inclusive, nor in any way to restrict the communication of other matters.

General approach to the audit:

Our approach for the Niagara Catholic District School Board is tailor made and modified as necessary to assure all aspects of the engagement are covered effectively. Our engagement can be divided into the following major segments:

Segment One - Planning: Our general approach to the audit of the Niagara Catholic District School Board is to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures. Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement to an appropriately low level. This means that we focus our work on the higher risk areas that have a higher risk of being materially misstated. In responding to our risk assessment, we will use a combination of test of details and substantive analytical procedures. We have reviewed the prior year working papers, management letters, correspondence, etc. to ensure all matters documented for follow-up in the previous audit are addressed in the current year. The scheduling of attendance for the audit is prepared at this time. This scheduling includes tentative dates of our attendance for performance of internal control compliance testing procedures, year-end positive confirmation circularization selection, and year-end substantive procedures.

Segment Two - Internal Control Compliance Testing: In order to facilitate timely completion of the annual audit, the system of internal control is tested to obtain a level of audit assurance which will assist in the nature, timing and extent of year-end audit procedures. The systems tested include revenues, receivables, receipts, purchases, payables, payments and payroll. Each system is reviewed and documented as necessary to highlight the key internal controls on which audit reliance will be placed. This documentation is updated annually based on system changes which may occur from year to year. The testing procedures utilized during the compliance portion of the audit are based on statistical sampling procedures.

Segment Three - Year-End Positive Confirmation Selection: At a convenient time, a staff member attends your offices to select account balances for which direct confirmation is requested. Direct confirmation of bank balances and accounts receivable balances are normally requested.

Segment Four - Year-End Substantive Procedures: Year-end substantive procedures are essentially the verification of various financial statement balances. These procedures are performed at such time as the client's staff are ready for the audit team's attendance. The time required and the extent of these procedures are based largely on the results of the compliance test procedures, the results of confirmation requests and the nature of the records and supporting working papers available to the audit team. In most cases, certain substantive audit procedures may be performed satisfactorily in

conjunction with the client's preparation of related working papers. We will request written representations from your lawyers. A letter of representation will be requested from management to confirm that management is cognizant of their responsibility to disclose issues that may be material to financial statement presentation. In general, our experience indicates that the audit team requires approximately two weeks after the client has completed all necessary working papers for our audit procedures to be completed.

Areas of the consolidated financial statements as having a high risk of material misstatement:

The areas of our audit have been assigned a risk rating ranging from low to medium. We do not feel that they warrant further discussion at this time.

Materiality and audit risk levels on which the audit is based:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstance.

An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Therefore, our audit will involve judgement about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of a material misstatement.

However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or wilful or accidental violations of law and regulations, including fraud or misappropriations, may exist and not be detected by us. We will advise you however, of any matters of that nature that come to our attention.

For purposes of our audit, we have established a materiality figure of \$ 2,340,000.

Preliminary assessment of internal control, the planned extent of audit work related to internal control and the effect of any control reliance on year-end procedures:

We are satisfied that the controls in place are adequate for the preparation of consolidated financial statements that are not materially misstated.

How matters communicated with the board of trustees during the planning process affected the planned nature and scope of the audit, including any extensions of its scope requested by the board of trustees or management:

We have not received any requests from the board of trustees or management to extend the scope of our audit work. Please feel free to bring any additional areas of concern to our attention.