

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**
[School Act, Sections 147(2)(a), 148, 151(1) and 276]

Fort McMurray Catholic Board of Education

Legal Name of School Jurisdiction

9809 Main St, Fort McMurray, AB, T9H 1T7

Mailing Address

780-799-5700 | 780-799-5706 (Fax)

Telephone and Fax Numbers

SCHOOL JURISDICTION MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Fort McMurray Catholic Board of Education presented to Alberta Education have been prepared by school jurisdiction management which has responsibility for their preparation, integrity and objectivity. The financial statements, including notes, have been prepared in accordance with generally accepted accounting principles and follow format prescribed by Alberta Education.

In fulfilling its reporting responsibilities, management has maintained internal control systems and procedures designed to provide reasonable assurance that the school jurisdiction's assets are safeguarded, that transactions are executed in accordance with appropriate authorization and that accounting records may be relied upon to properly reflect the school jurisdiction's transactions. The effectiveness of the control systems is supported by the selection and training of qualified personnel, an organizational structure that provides an appropriate division of responsibility and a strong system of budgetary control.

Board of Trustees Responsibility

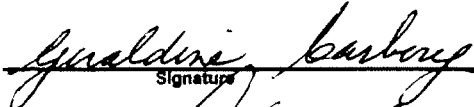

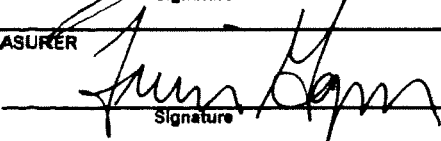
The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

External Auditors

The Board appoints external auditors to audit the financial statements and meets with the auditors to review their findings. The external auditors were given full access to school jurisdiction records.

Declaration of Management and Board Chairman

To the best of our knowledge and belief, these financial statements reflect, in all material respects, the financial position and results of operations and cash flows for the year in accordance with generally accepted accounting principles and follow the financial reporting requirements prescribed by Alberta Education.

<p>BOARD CHAIR</p> <p><u>Geraldine Carbery</u> Name</p>	 Signature
<p>SUPERINTENDENT</p> <p><u>Kim Jenkins</u> Name</p>	 Signature
<p>SECRETARY TREASURER OR TREASURER</p> <p><u>Francois Gagnon</u> Name</p>	 Signature

12-Dec-11

Board-approved Release Date

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Independent Auditors' Report

To the Board of Trustees of the Fort McMurray Catholic Board of Education

We have audited the accompanying financial statements of the Fort McMurray Catholic Board of Education, which comprise the statement of financial position as at August 31, 2011, and the statements of revenues and expenses, changes in net assets, capital allocations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fort McMurray Catholic Board of Education as at August 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

December 12, 2011
Fort McMurray, Alberta

MNP LLP

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2011

(in dollars)

	2011	2010
ASSETS		
Current assets		
Cash and temporary investments (Note 4)	\$14,876,353	\$18,942,292
Accounts receivable (net after allowances) (Note 5)	\$9,114,951	\$19,982,430
Prepaid expenses	\$108,786	\$74,205
Other current assets	\$0	\$0
Total current assets	\$24,100,090	\$38,998,927
School generated assets	\$743,948	\$1,226,105
Trust assets (Note 11)	\$1,052,601	\$648,058
Long term accounts receivable	\$0	\$0
Long term investments (Note 6)	\$3,291,171	\$4,769,263
Capital assets (Note 9)		
Land	\$1,312,978	\$924,496
Construction in progress	\$45,771,829	\$31,474,467
Buildings	\$74,314,385	
Less: accumulated amortization	(\$36,019,540)	\$37,966,554
Equipment	\$7,513,703	
Less: accumulated amortization	(\$3,341,187)	\$1,646,890
Vehicles	\$277,045	
Less: accumulated amortization	(\$185,480)	\$105,301
Total capital assets	\$89,643,733	\$72,117,708
TOTAL ASSETS	\$118,831,543	\$117,760,061
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 7)	\$0	\$250,000
Accounts payable and accrued liabilities (Note 8)	\$7,890,076	\$7,022,669
Deferred revenue (Note 10)	\$2,487,851	\$1,699,177
Deferred capital allocations (Note 13)	\$10,245,182	\$28,217,464
Current portion of long term debt (Note 12)	\$107,920	\$107,920
Total current liabilities	\$20,731,029	\$37,297,230
School generated liabilities	\$743,948	\$1,226,105
Trust liabilities (Note 11)	\$1,052,601	\$648,058
Employee future benefit liabilities	\$0	\$0
Long term debt (Note 12)		
Supported: Debentures and other supported debt	\$755,440	\$863,360
Less: Current portion (Note 12)	(\$107,920)	(\$107,920)
Unsupported: Debentures and capital loans	\$0	\$0
Capital leases	\$0	\$0
Mortgages	\$0	\$0
Less: Current portion	\$0	\$0
Other long term liabilities	\$0	\$0
Unamortized capital allocations (Note 14)	\$75,584,436	\$57,766,102
Total long term liabilities	\$78,028,505	\$60,395,705
TOTAL LIABILITIES	\$98,759,534	\$97,692,935
NET ASSETS		
Unrestricted net assets	\$176,483	\$175,000
Operating reserves	\$1,078,829	\$1,078,829
Accumulated operating surplus (deficit)	\$1,255,312	\$1,253,829
Investment in capital assets	\$13,307,248	\$13,488,237
Capital reserves	\$5,509,449	\$5,325,060
Total capital funds	\$18,816,697	\$18,813,297
Total net assets	\$20,072,009	\$20,067,126
TOTAL LIABILITIES AND NET ASSETS	\$118,831,543	\$117,760,061

Note: Please input "(Restated)" in 2010 column heading where comparatives are not taken from the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES
for the Year Ended August 31, 2011
(in dollars)

	Actual 2011	Budget 2011 (Note 20)	Actual 2010
REVENUES			
Government of Alberta	\$50,046,306	\$49,100,000	\$46,957,638
Federal Government and First Nations	\$376,681	\$355,000	\$373,484
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Instruction resource fees	\$340,985	\$390,000	\$307,985
Transportation fees	\$250,849	\$135,000	\$248,041
Other sales and services	\$453,117	\$295,000	\$300,091
Investment income	\$192,636	\$125,000	\$199,274
Gifts and donations	\$349,170	\$300,000	\$384,812
Rental of facilities	\$225,317	\$215,000	\$142,701
Gross school generated funds	\$1,764,596	\$590,000	\$2,049,316
Gains on disposal of capital assets	\$3,400	\$0	\$0
Amortization of capital allocations	\$1,306,843	\$1,630,000	\$1,182,906
Other revenue	\$37,219	\$5,000	\$6,579
Total Revenues	\$55,347,119	\$53,140,000	\$52,152,827
EXPENSES			
Certificated salaries (Note 19)	\$25,959,643	\$25,190,000	\$24,005,616
Certificated benefits (Note 19)	\$2,349,638	\$2,270,000	\$2,110,412
Non-certificated salaries and wages (Note 19)	\$11,340,805	\$11,077,000	\$10,776,129
Non-certificated benefits (Note 19)	\$2,102,654	\$1,863,000	\$1,775,510
Services, contracts and supplies	\$8,948,055	\$9,495,000	\$8,539,848
Gross school generated funds	\$1,764,596	\$590,000	\$2,049,316
Capital and debt services			
Amortization of capital assets			
Supported	\$1,306,843	\$1,630,000	\$1,182,906
Unsupported	\$1,492,300	\$1,130,000	\$1,661,680
Total Amortization of capital assets	\$2,799,143	\$2,760,000	\$2,844,586
Interest on capital debt			
Supported	\$77,702	\$60,000	\$88,731
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$77,702	\$60,000	\$88,731
Other interest and charges	\$0	\$0	\$0
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$55,342,236	\$53,305,000	\$52,190,148
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM	\$4,883	(\$165,000)	(\$37,321)
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$4,883	(\$165,000)	(\$37,321)

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education. Budget 2011 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2011
(in dollars)

	2011	2010 (Restated)
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	\$4,883	(\$37,321)
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$1,306,843)	(\$1,182,906)
Total amortization expense	\$2,799,143	\$2,844,586
Gains on disposal of capital assets	(\$3,400)	\$0
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$10,867,479	\$10,430,675
Prepays and other current assets	(\$34,581)	\$37,839
Long term accounts receivable	\$0	\$0
Long term investments	\$1,478,092	\$862,859
Accounts payable and accrued liabilities	\$867,407	\$1,847,407
Deferred revenue	\$788,674	(\$503,457)
Employee future benefit liabilities	\$0	\$0
Other (describe) Net capital allocations/holdback non-cash transactions	(\$12,604,233)	(\$13,283,776)
Total cash flows from Operations	\$2,856,621	\$1,015,906
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	(\$447,618)	(\$97,269)
Buildings	(\$16,524,219)	(\$24,587,089)
Equipment	(\$3,063,506)	(\$438,126)
Vehicles	(\$23,048)	(\$60,561)
Net proceeds from disposal of capital assets	\$3,400	\$0
Other (describe) Net holdback non-cash transactions	\$1,445,975	\$1,955,910
Total cash flows from Investing activities	(\$18,609,016)	(\$23,227,135)
C. FINANCING ACTIVITIES		
Capital allocations	\$778,198	\$2,938,148
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$107,920)	(\$119,120)
Add back: supported portion	\$107,920	\$119,120
Other (describe) Net capital allocations non-cash transactions	\$11,158,258	\$11,327,866
Total cash flows from financing activities	\$11,936,456	\$14,266,014
Net cash flows from during the year	(\$3,815,939)	(\$7,945,215)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/10	\$18,692,292	\$26,637,507
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$14,876,353	\$18,692,292

Note: Please input "(Restated)" where Actual 2010 comparatives are not as presented in the finalized 2009/2010 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2011**

School Jurisdiction Code: 4160

(in dollars)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL NET ASSETS Cols. 2+3+4+5	INVESTMENT IN CAPITAL ASSETS	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS											
				TOTAL OPERATING RESERVES Cols. 6+8+10+12+14	TOTAL CAPITAL RESERVES Cols. 7+9+11+13+15	School & Instruction Related		Operations & Maintenance		Board & System Administration		Transportation		External Services	
Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves								
Balance at August 31, 2010	\$20,067,126	\$13,488,237	\$175,000	\$1,078,829	\$5,325,060	\$1,069,722	\$2,248,172	(\$112,443)	\$1,307,054	\$258,282	\$1,769,834	(\$258,618)	\$0	\$121,886	\$0
Prior period adjustments (describe)															
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Balance, Aug. 31, 2010	\$20,067,126	\$13,488,237	\$175,000	\$1,078,829	\$5,325,060	\$1,069,722	\$2,248,172	(\$112,443)	\$1,307,054	\$258,282	\$1,769,834	(\$258,618)	\$0	\$121,886	\$0
Excess (deficiency) of revenues over expenses	\$4,883		\$4,883												
Board funded capital additions		\$1,307,911	(\$1,307,911)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of unsupported capital assets	\$0	\$3,400	(\$3,400)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Disposal of supported capital assets (board funded portion)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Direct credits to net assets	\$0														
Amortization of capital assets		(\$2,799,143)	\$2,799,143												
Amortization of capital allocations		\$1,306,843	(\$1,306,843)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	
Net transfers from operating reserves			\$0	\$0		\$0		\$0		\$0		\$0		\$0	
Net transfers to capital reserves			(\$1,492,300)		\$1,492,300		\$525,110		\$945,851		\$21,339		\$0		\$0
Net transfers from capital reserves			\$1,307,911		(\$1,307,911)		(\$894,533)		(\$413,378)		\$0		\$0		\$0
Assumption/transfer of other operations' net assets	\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2011	\$20,072,009	\$13,307,248	\$176,483	\$1,078,829	\$5,509,449	\$1,069,722	\$1,878,749	(\$112,443)	\$1,839,527	\$258,282	\$1,791,173	(\$258,618)	\$0	\$121,886	\$0

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2011
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2010	\$28,217,464	\$57,766,102
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2010	\$28,217,464	\$57,766,102
Add:		
Restricted capital allocations from:		
Alberta Education school building and modular projects	\$0	
Other Government of Alberta	\$0	
Federal Government and First Nations	\$0	
Other sources	\$0	
Interest earned on provincial government capital allocations	\$78,198	
Other capital grants and donations	\$700,000	
Net proceeds on disposal of supported capital assets	\$0	
Insurance proceeds (and related interest)	\$0	
Donated capital assets (amortizable, @ fair market value)		\$0
P3, other ASAP and Alberta Infrastructure managed projects		\$266,777
Transferred in capital assets (amortizable, @ net book value)		\$0
Current year supported debenture principal repayment		\$107,920
Expended capital allocations - current year	(\$18,750,480)	\$18,750,480
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$1,306,843
Balance at August 31, 2011	\$10,245,182	\$75,584,436

* Infrastructure Maintenance Renewal (IMR) Program allocations are excluded from this Statement, since those allocations are not externally restricted to capital.

Fort McMurray Catholic Board of Education

Notes to the Financial Statements for the year ended August 31, 2011

1. AUTHORITY AND PURPOSE

The Fort McMurray Catholic Board of Education ("Jurisdiction") delivers education programs under the authority of the *School Act*, Revised Statutes of Alberta 2000, Chapter S-3. The Jurisdiction is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Jurisdiction receives instruction and support allocations under Regulation 120/2008. The regulation allows for the setting of conditions and use of grant monies. The Jurisdiction is limited on certain funding allocations and administration expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations, which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Revenue Recognition

Revenue is recognized as follows:

Instruction and support allocations are recognized in the year to which they relate.

Fees for services related to courses and programs are recognized as revenue when such courses and programs are delivered.

Unrestricted contributions are recognized as revenue when received or receivable. Contributions in-kind are recorded at fair market value when reasonably determinable.

Externally restricted contributions are deferred and recognized as revenue in the period in which the restriction is complied with. Endowment contributions are recognized as direct increases in net assets in the period in which they are received or receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Capital Assets

Capital Assets are recorded at cost, and are amortized over their estimated useful lives on a straight-line basis, at the following rates:

Land improvements	20 years
Buildings	25 to 40 years
Vehicles & Buses	5 to 10 years
Computer Hardware & Software	3 to 5 years
Other Equipment	5 to 10 years
Construction in Progress	not amortized

Capital assets with costs in excess of \$10,000 are capitalized. Capital allocations received for asset additions are amortized into revenue over the same period as the amortization expense. In the year an asset is acquired a full year of amortization is taken.

c) School Generated Funds

These are funds which come under the control and responsibility of a school principal for school activities. They are usually collected, retained, and expended at the school level (e.g. yearbook sales, graduation fees, field trip fees, etc.)

d) Vacation Pay

Vacation pay is accrued in the period in which the employee earns the benefit.

e) Pensions

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

The current and past service costs of the Alberta Teacher Retirement Fund are met by contributions by active members and the Government of Alberta. Under the terms of the Teachers Pension Plan Act, the Fort McMurray Catholic Board of Education does not make pension contributions for certificated staff.

The Jurisdiction participates in a multi-employer pension plan, the Local Authorities Pension Plan, and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$688,477 for the year ended August 31, 2011 (2010 - \$592,023).

At December 31, 2010, the Local Authorities Pension Plan reported a deficiency of \$4,635,250,000 (2009 - a deficiency of \$3,998,614,000).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Prepaid Expenses

Certain expenditures incurred before the close of the school year are for school supplies that will be consumed subsequent to the year-end, and are accordingly recorded as prepaid expenses. Certain insurance expenses also fall into this category.

g) Contributed Services

Volunteers contribute a considerable number of hours per year to schools to ensure that certain programs are delivered, such as kindergarten, lunch services and the raising of school generated funds. Because of the difficulty of compiling these hours and the fact that these services are not otherwise purchased, contributed services are not recognized in the financial statements.

h) Financial Instruments

Held for trading:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Jurisdiction has designated cash and temporary investments, school generated assets, trust assets and long-term investments on initial recognition as held for trading. These instruments are initially recognized at its fair value determined by quotations in an active market. Fair value is approximated by the instruments' initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date and transaction costs are immediately recognized in excess (deficiency) of revenues over expenses. Held for trading financial instruments are subsequently measured at their fair value. Net gains and losses arising from changes in fair value include interest income and are recognized immediately in excess (deficiency) of revenues over expenses.

Loans and receivables:

The Jurisdiction has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value, determined by reference to recent arm's length market transactions for the same instrument. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in excess (deficiency) of revenues over expenses. Total interest income, calculated using the effective interest rate method, is recognized in excess (deficiency) of revenues over expenses. Loans and receivables are subsequently measured at their amortized cost, using the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial Instruments (continued)

effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value.

Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in excess (deficiency) of revenues over expenses upon derecognition or impairment.

Other financial liabilities:

The Jurisdiction has classified the following financial liabilities as other financial liabilities: accounts payable and accruals, school generated liabilities, trust liabilities and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date and transaction costs are immediately recognized in income. Total interest expense, calculated using the effective interest rate method, is recognized in excess (deficiency) of revenues over expenses. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in excess (deficiency) of revenues over expenses upon de-recognition or impairment.

The financial instruments consist of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, school generated assets and liabilities, trust assets and liabilities, long-term investments and long-term debt. It is management's opinion that the Jurisdiction is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. The Jurisdiction has invested surplus funds in accordance with Section 60 (2) (d) of the School Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial Instruments (continued)

Fair value:

The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities, school generated assets and liabilities, trust assets and liabilities approximates their fair value due to the short term maturities of these items. Long-term investments are recorded at their fair value, determined by reference to published bid price quotations in an active market. The carrying amount of long-term debt approximates its fair value as there have been no significant changes in lending rates or other conditions.

Risk management policy:

The Jurisdiction, as part of operations, has established avoidance of undue concentrations of risk as risk management objectives. In seeking to meet these objectives, the Jurisdiction follows a risk management policy approved by its Board of Trustees.

i) Operating and Capital Reserves

Reserves are established at the discretion of the Board of Trustees of the Jurisdiction, to set aside funds for operating and capital purposes. Such reserves are appropriations of unrestricted net assets.

j) Capital management

The Jurisdiction defines its capital as the amounts included in deferred contributions, unrestricted net assets, operating reserves, investment in capital assets and capital reserves. The Jurisdiction's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

The Jurisdiction sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. In order to maintain or adjust the capital structure, the Jurisdiction adjusts its spending policies and cash management procedures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Measurement uncertainty (use of estimates)

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

3. RECENT ACCOUNTING PRONOUNCEMENTS

With the introduction of International Financial Reporting Standards in Canada, government controlled SUCH sector entities (Schools, Universities, Colleges and Hospitals) are required to adopt either the current public sector accounting standards, or the not-for-profit accounting standards with some modifications as set out in the Public Sector Accounting (PSA) Handbook.

The Office of the Controller of the Alberta Treasury Board recommends that all SUCH sector entities adopt the current public sector accounting standards without reference to the not-for-profit standards.

The Information Reporting Committee (IRC), composed of school jurisdiction business officials and representatives of Alberta Education, has approved that Alberta school jurisdictions adopt the public sector accounting standards without reference to the not-for-profit standards. The transition is intended to enhance the public accountability and comparability of the financial reporting of the SUCH sector entities with those of other government organizations.

The adoption is effective the year ending August 31, 2013 with retroactive application and restatement for the prior school year. A note disclosure for the change of the accounting policy will be included in the AFS for the year ending August 31, 2012.

Financial Reporting and Accountability Branch is redesigning school jurisdiction financial reporting guidelines and financial statement forms to conform with the PSA standards and the financial reporting framework of the Government of Alberta. These will be communicated with the guidelines for the restatement of the August 31, 2012 financial statements, one year in advance of their implementation. The Jurisdiction has not yet determined the impact of the adoption of the new standards on its financial statements.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

4. CASH AND TEMPORARY INVESTMENTS

	2011			2010		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Cash and cash equivalents	0.1%	\$9,805,029	\$9,805,029	-%	\$18,448,362	\$18,448,362
Fixed-income securities						
Provincial, direct and guaranteed	1.6%	4,525,782	4,553,412	1.8%	476,310	493,930
Corporate	4.5%	504,100	517,912	-	-	-
Total fixed-income securities	1.9%	5,029,882	5,071,324	1.8%	476,310	493,930
Total cash and temporary investments	0.7%	\$14,834,911	\$14,876,353	0.1%	\$18,924,672	\$18,942,292

Please refer to Notes 2 (h).

5. ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
Alberta Education	\$7,360,623	\$18,632,875
Alberta Finance	53,647	61,310
Other	<u>1,700,681</u>	<u>1,288,245</u>
	<u>\$9,114,951</u>	<u>\$19,982,430</u>

Of the amounts receivable from Alberta Education, \$7,216,284 (2010 - \$18,374,542) is for capital projects in progress including the construction of Holy Trinity Catholic High School that opened in September 2011. This project will be completed over the course of the 2011/12 school year.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

6. LONG TERM INVESTMENTS

	2011			2010		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Fixed income securities						
Provincial, direct and guaranteed	3.1%	936,101	995,548	2.4%	1,405,752	1,454,102
Corporate	3.7%	2,176,399	2,295,623	4.2%	3,156,167	3,315,161
Total fixed income securities	<u>3.5%</u>	<u>3,112,500</u>	<u>3,291,171</u>	<u>3.7%</u>	<u>4,561,919</u>	<u>4,769,263</u>
Total long term investments	<u>3.5%</u>	<u>\$3,112,500</u>	<u>\$3,291,171</u>	<u>3.7%</u>	<u>\$4,561,919</u>	<u>\$4,769,263</u>

Please refer to Notes 2(h).

The following is the maturity structure based on the principal amount:

	<u>2011</u>	<u>2010</u>
1 to 5 years	100%	57%
6 to 10 years	-	43%
	<u>100%</u>	<u>100%</u>

7. BANK INDEBTEDNESS

The Jurisdiction has negotiated a line of credit in the amount of \$1,000,000 (2010 - \$1,000,000) that bears interest at the bank prime rate less 0.25%. This line of credit is secured by a borrowing bylaw and a security agreement, covering all revenue of the Jurisdiction. There was no amount drawn from the line of credit at of August 31, 2011 (2009 - \$250,000).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2011</u>	<u>2010</u>
Alberta Finance	\$53,647	\$61,310
Other trade payables and accrued liabilities	<u>7,836,429</u>	<u>6,961,359</u>
	<u>\$7,890,076</u>	<u>\$7,022,669</u>

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

9. TANGIBLE CAPITAL ASSETS

	Land	Construction In Progress - Buildings	Buildings	Equipment - Computer Hardware & Software	Other Equipment	Vehicles	Total Aug. 31, 2011	Total Aug. 31, 2010
Estimated Useful life			25-40 Years	3-5 Years	5-10 Years	5-10 Years		
Historical cost								
September 1, 2010	\$2,511,263	\$31,474,467	\$71,820,749	\$3,898,352	\$767,027	\$326,241	\$110,798,099	\$85,615,054
Additions	447,618	14,297,362	2,493,636	1,297,038	1,766,466	23,048	20,325,168	25,183,045
Transfers in (out)	-	-	-	-	-	-	-	-
Less disposals including write-offs	-	-	-	(118,050)	(97,130)	(72,244)	(287,424)	-
August 31, 2011	\$2,958,881	\$45,771,829	\$74,314,385	\$5,077,340	\$2,436,363	\$277,045	\$130,835,843	\$110,798,099
Accumulated amortization								
September 1, 2010	\$1,586,767	\$-	\$33,854,195	\$2,614,289	\$404,200	\$220,940	\$38,680,391	\$35,835,805
Amortization expense	59,136	-	2,165,345	501,907	35,971	36,784	2,799,143	2,844,586
Transfers in (out)	-	-	-	-	-	-	-	-
Effect of disposals	-	-	-	(118,050)	(97,130)	(72,244)	(287,424)	-
August 31, 2011	\$1,645,903	-	\$36,019,540	\$2,998,146	\$343,041	\$185,480	\$41,192,110	\$38,680,391
Net Book Value at August 31, 2011	\$1,312,978	\$45,771,829	\$38,294,845	\$2,079,194	\$2,093,322	\$91,565	\$89,643,733	\$72,117,708

During the year, \$266,777 (2010 - \$nil) of building additions was purchased by Alberta Infrastructure on behalf of the Jurisdiction. This amount has been excluded from the statement of cash flows.

Included in buildings is \$2,483,694 (2010 - \$550,998) of assets that are being constructed relating to modernizations, and modulars and \$2,910,885 (2010 - \$nil) in equipment relating to the new high school. These assets are currently not being amortized because they are not available for use as of August 31, 2011.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

10. DEFERRED REVENUE

	DEFERRED REVENUE as at Aug. 31, 2010	ADD: 2010/2011 Restricted Funds Received/ Receivable	DEDUCT: 2010/2011 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2010/2011 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2011
Alberta Education Restricted Operational Funding:					
Alberta Initiative for School Improvement	\$-	\$543,451	(\$543,451)	\$-	\$-
Infrastructure Maintenance Renewal	1,425,401	758,570	(372,061)	-	1,811,910
Small Class Size Initiative	-	2,167,531	(2,167,531)	-	-
SuperNet Service	-	54,378	(54,378)	-	-
Other Alberta Education deferred revenue	150,000	-	(150,000)	-	-
Other Government of Alberta Restricted Funding:	-	-	-	-	-
	-	-	-	-	-
Other Deferred Revenue:	-	-	-	-	-
Transportation Fees	-	398,458	(250,849)	-	147,609
School Fees	123,776	645,327	(340,985)	-	428,118
High School Academies	-	81,111	-	-	81,111
Suncor Centre for the Performing Arts	-	1,500	-	-	1,500
Out of School Care Fees	-	303,894	(286,291)	-	17,603
	-	-	-	-	-
Total	\$1,699,177	\$4,954,220	(\$4,165,546)	\$-	\$2,487,851

11. TRUST ASSETS AND LIABILITIES

These balances represent cash that is held in trust by the Jurisdiction.

	<u>2011</u>	<u>2010</u>
Education Endowment Fund	\$128,593	\$126,398
Scholarship Trust	50,000	50,000
Children and Youth with Complex Needs (Banker Board)	365,142	471,660
Youth Conference	(1,633)	-
NEAFAN	514,739	-
AB School Commodity Purchasing Consortium (CPC)	(4,210)	-
	<u>\$1,052,601</u>	<u>\$648,058</u>

12. LONG TERM DEBT

Debenture Debt – Supported

The debenture debt bears interest at 9%. The debenture debt is fully supported by Alberta Finance.

Debenture payments due over the next five years and beyond are:

	Principal	Interest	Total
2011-2012	\$107,920	\$67,990	\$175,910
2012-2013	107,920	58,277	166,197
2013-2014	107,920	48,564	156,484
2014-2015	107,920	38,851	146,771
2015-2016	107,920	29,138	137,058
2015 to maturity	215,840	29,138	244,978
Total	<u>\$755,440</u>	<u>\$271,958</u>	<u>\$1,027,398</u>

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

13. DEFERRED CAPITAL ALLOCATIONS

Deferred capital allocations represent externally-restricted supported capital funds provided for a specific capital purpose received or receivable by the Jurisdiction, but the related expenditure had not been made at year-end. When expended, these deferred capital allocations are transferred to unamortized capital allocations.

14. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations represent externally-restricted supported capital funds that have been expended, but have yet to be amortized over the useful life of the related capital asset. The unamortized capital allocations account balance is increased by transfers of deferred capital allocations expended, as well as fully-supported debenture principal repayment.

15. COMMITMENTS

a) Operating lease:

The following operating lease payments are required under the terms of leases expiring through 2012:

2012	\$291,605
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b) Building Projects: The Jurisdiction opened Holy Trinity Catholic High School in September 2011, a new school in the Timberlea area of Fort McMurray. Some construction work was still in progress as of August 31, 2011 and will be completed during the school year. As of August 31, 2011, the Jurisdiction is expected to commit to further capital expenditures for this project of \$13,705,780 (2010 - \$27,927,000). This project is fully funded by Alberta Education.

c) Attached to Holy Trinity Catholic High School is a Community Theatre named the "Suncor Energy Centre for Performing Arts". The budgeted cost of this project is \$6,000,000 from which \$5,443,217 had been spent as of August 31, 2011 and capitalized. The cost of the theatre is funded in partnership with the Suncor Energy Foundation, Suncor Energy and the Regional Municipality of Wood Buffalo that have committed a total of \$4,500,000 in donation. A total of \$3,500,000 has been received to date with the remaining \$1,000,000 to be paid in 2012. The remaining cost of the Theatre is funded from Jurisdiction Reserves or other sources.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

15. COMMITMENTS (continued)

- d) During the reporting period, the Jurisdiction undertook a major building modernization of its existing Father Mercredi Community High School. The scope of work include some modernization work such as flooring, electrical and the renovation of existing instructional space to accommodate new instrumentation and engineering labs for students. The budgeted cost of this project is \$4,500,000 of which \$2,108,190 had been spent as of August 31, 2011. The projected is funded in partnership with Syncrude Canada Ltd and Nexan Inc. that have committed a total of \$2,000,000 for this project (\$200,000 was received by the Jurisdiction as of August 31). A third partner is expected to announce an additional contribution of \$1,000,000 for this project early in 2012.

16. CONTINGENT LIABILITIES

The Jurisdiction, in the conduct of its normal activities, has been named a defendant in a legal proceeding while the ultimate outcome of this proceeding cannot be predicted at this time. It is the opinion of management that the resolution of the proceeding will not have a material effect on the financial position of the Jurisdiction, however, should any additional loss result from its resolution such amount would be expensed as the related amounts become known.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

17. RELATED PARTY TRANSACTIONS

Effective 2005/2006, school Jurisdictions are controlled by the Government of Alberta according to criteria set out in PSAB 1300. All entities consolidated or accounted for on a modified equity basis in the accounts of the Government of Alberta are now related parties of school jurisdictions. These include government departments, health authorities, post-secondary institutions and other school jurisdictions in Alberta.

	Balances		Transactions	
	Assets (at cost or net realizable value)	Liabilities (at fair value)	Revenues	Expenses
2010-2011				
Government of Alberta:				
Education	\$7,358,554	\$-	\$49,592,937	\$-
Infrastructure & Transportation	-	-	-	-
Finance	53,647	53,647	77,702	77,702
Health & Wellness	-	-	-	-
Human Resources/Employment	2,068	-	2,068	-
Other Gov't of Alberta departments	-	-	373,599	-
Other:				
Health authorities	54,805	-	-	28,870
Post-secondary institutions	-	-	-	12,270
Other Alberta school jurisdictions	-	-	-	82,639
Other related parties	12,296,005	-	50,460	6,119
TOTAL 2010-2011	<u>\$19,765,079</u>	<u>\$53,647</u>	<u>\$50,096,766</u>	<u>\$207,600</u>
TOTAL 2009-2010	<u>\$37,268,117</u>	<u>\$782,970</u>	<u>\$47,008,098</u>	<u>\$188,118</u>

The Jurisdiction utilizes banking facilities provided by the ATB Financial and the assets include funds on deposit, expenses include interest and service charges in the amount of \$6,119 (2010 - \$5,919) and investment revenue of \$50,460 (2010 - \$62,370)

Contingencies or Contractual Obligations with related parties are under separate disclosure.

18. ECONOMIC DEPENDENCE ON RELATED THIRD PARTY

The Jurisdiction's primary source of income is from the Alberta Government. The Jurisdiction's ability to continue viable operations is dependent on this funding.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

19. REMUNERATION AND MONETARY INCENTIVES

The Fort McMurray Catholic Board of Education had paid or accrued expenses for the year ended August 31, 2011 to or on behalf of the following positions and persons in groups as follows:

Board Members:	FTE	Remuneration	Benefits	Negotiated Allowances	Performance Bonuses	ERIP's / Other	Expenses
Chair - G. Carbery	1.0	\$18,465	\$489	\$-			\$7,524
Vice Chair - C. Cormier	0.8	11,100	331	-			1,015
Trustee K. McGrath	1.0	16,253	419	-			4,595
Trustee T. McKinnon	0.8	15,434	352	-			11,208
Trustee K. Behrish	0.8	10,182	306	-			535
Trustee T. Langis	0.2	4,329	35	-			30
L. Bouchard-Dutchyn	0.2	849	45	-			-
M. Vyboh	0.2	2,763	91	-			-
Subtotal	5.0	79,375	2,068	-			24,907
Superintendent Kim Jenkins	1.0	177,317	6,288	-	4,945	-	11,088
Secretary-Treasurer Francois Gagnon	1.0	163,793	30,073	-	-	-	7,344
Certificated Teachers	260.0	25,777,381	2,343,350	-	-	-	-
Non-certificated - Other	223.3	11,097,637	2,070,513	-	-	-	-
TOTALS		\$37,295,503	\$4,452,292	\$-	\$4,945	\$-	

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2011

20. SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid and received

	<u>2011</u>	<u>2010</u>
Interest paid	\$6,119	\$5,919
Interest received	282,452	328,076

21. BUDGET AMOUNTS

The budget was prepared by the school Jurisdiction and approved by the Board of Trustees' on October 25, 2010. It is presented for information purposes only and has not been audited.

22. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2011 presentation.