

**The Fort McMurray Catholic
Board of Education
Financial Statements**
August 31, 2012

**AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2012**
[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

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


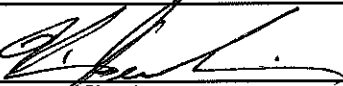
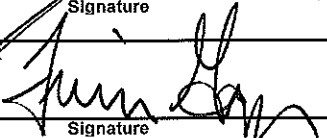
The ultimate responsibility for the financial statements lies with the Board of Trustees. The Board reviewed the audited financial statements with management in detail and approved the financial statements for release.

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.

BOARD CHAIR	
Ms. Tracy McKinnon <small>Name</small>	 <small>Signature</small>
SUPERINTENDENT	
Mr. Kimberley Jenkins <small>Name</small>	 <small>Signature</small>
SECRETARY TREASURER OR TREASURER	
Mr. Francois Gagnon <small>Name</small>	 <small>Signature</small>

10-Dec-12
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, 2012, and the statements of revenues and expenses, cash flows, changes in net assets and capital allocations 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, 2012 and the results of its operations, cash flows, and changes in net assets and capital allocations for the year then ended in accordance with Canadian generally accepted accounting principles.

MNP LLP

December 10, 2012
Fort McMurray, Alberta

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
as at August 31, 2012
(in dollars)

		2012	2011 Restated
ASSETS			
Current assets			
Cash and temporary investments (Note 3)		\$12,563,630	\$16,217,547
Accounts receivable (net after allowances) (Note 4)		\$8,330,994	\$8,517,703
Prepaid expenses		\$73,698	\$108,786
Other current assets		\$0	\$0
Total current assets		\$20,968,322	\$24,844,036
Trust assets (Note 5)		\$857,035	\$1,052,601
Long term accounts receivable		\$0	\$0
Long term investments (Note 6)		\$2,849,619	\$3,291,171
Capital assets (Note 7)			
Land		\$1,468,679	\$1,312,978
Construction in progress		\$170,380	\$45,771,829
Buildings	\$121,249,831		
Less: accumulated amortization	(\$39,443,500)	\$81,806,331	\$38,294,845
Equipment	\$9,744,350		
Less: accumulated amortization	(\$4,568,095)	\$5,176,255	\$4,172,516
Vehicles	\$303,693		
Less: accumulated amortization	(\$226,220)	\$77,473	\$91,565
Total capital assets		\$88,699,118	\$89,643,733
TOTAL ASSETS		\$113,374,094	\$118,831,541
LIABILITIES			
Current liabilities			
Bank indebtedness (Note 8)		\$0	\$0
Accounts payable and accrued liabilities (Note 9)		\$3,262,374	\$7,890,076
Deferred revenue (Note 10)		\$3,799,010	\$3,231,797
Deferred capital allocations (Note 11)		\$10,244,475	\$10,245,182
Current portion of long term debt		\$107,920	\$107,920
Total current liabilities		\$17,413,779	\$21,474,975
Trust liabilities (Note 5)		\$857,035	\$1,052,601
Employee future benefit liabilities		\$0	\$0
Long term debt (Note 12)			
Supported: Debentures and other supported debt		\$647,520	\$755,440
Less: Current portion		(\$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 13)		\$74,827,403	\$75,584,436
Total long term liabilities		\$76,224,038	\$77,284,557
TOTAL LIABILITIES		\$93,637,817	\$98,759,532
NET ASSETS			
Unrestricted net assets		\$200,000	\$176,483
Operating reserves		\$719,581	\$1,078,829
Accumulated operating surplus (deficit)		\$919,581	\$1,255,312
Investment in capital assets		\$13,227,587	\$13,307,248
Capital reserves		\$5,589,109	\$5,509,449
Total capital funds		\$18,816,696	\$18,816,697
Total net assets		\$19,736,277	\$20,072,009
TOTAL LIABILITIES AND NET ASSETS		\$113,374,094	\$118,831,541

Note: Please input "(Restated)" in 2011 column heading where comparatives are not taken from the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

STATEMENT OF REVENUES AND EXPENSES

for the Year Ended August 31, 2012

(in dollars)

	Actual 2012	Budget 2012	Actual 2011 Restated
REVENUES			
Government of Alberta	\$56,995,000	\$51,667,000	\$52,379,489
Federal Government and/or First Nations	\$428,519	\$370,000	\$376,681
Other Alberta school authorities	\$0	\$0	\$0
Out of province authorities	\$0	\$0	\$0
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Fees (Note 14)	\$1,361,539	\$970,000	\$806,617
Other sales and services	\$1,327,983	\$1,372,000	\$1,029,453
Investment income	\$194,136	\$98,000	\$192,636
Gifts and donations	\$924,625	\$875,000	\$539,766
Fundraising	\$430,111	\$415,000	\$287,794
Rental of facilities	\$387,888	\$65,000	\$225,317
Gains on disposal of capital assets	\$0		\$3,400
Amortization of capital allocations	\$3,353,761	\$1,180,000	\$1,306,843
Other revenue	\$7,593	\$0	\$37,219
Total Revenues	\$65,411,155	\$57,012,000	\$57,185,215
EXPENSES			
Certificated salaries (Note 20)	\$29,132,869	\$27,420,000	\$25,959,643
Certificated benefits (Note 20)	\$5,194,238	\$4,497,000	\$4,682,821
Non-certificated salaries and wages (Note 20)	\$12,897,981	\$12,300,000	\$11,340,805
Non-certificated benefits (Note 20)	\$2,143,317	\$2,054,000	\$2,102,654
Services, contracts and supplies	\$11,565,269	\$10,720,000	\$10,211,447
Capital and debt services			
Amortization of capital assets			
Supported	\$3,353,761	\$1,180,000	\$1,306,843
Unsupported	\$1,386,866	\$1,664,000	\$1,492,300
Total Amortization of capital assets	\$4,740,627	\$2,844,000	\$2,799,143
Interest on capital debt			
Supported	\$67,990	\$77,000	\$77,702
Unsupported	\$0	\$0	\$0
Total Interest on capital debt	\$67,990	\$77,000	\$77,702
Other interest and charges	\$4,596		\$6,119
Losses on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
Total Expenses	\$65,746,887	\$59,912,000	\$57,180,334
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE EXTRAORDINARY ITEM			
	(\$335,732)	(\$2,900,000)	\$4,881
Extraordinary Item	\$0	\$0	\$0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(\$335,732)	(\$2,900,000)	\$4,881

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education. Budget 2012 comparatives presented are final budget amounts formally approved by the Board.

STATEMENT OF CASH FLOWS
for the Year Ended August 31, 2012

(in dollars)

	2012	2011 Restated
CASH FLOWS FROM:		
A. OPERATIONS		
Excess (deficiency) of revenues over expenses	(\$335,732)	\$4,881
Add (Deduct) items not affecting cash:		
Amortization of capital allocations revenue	(\$3,353,761)	(\$1,306,843)
Total amortization expense	\$4,740,627	\$2,799,143
Gains on disposal of capital assets	\$0	(\$3,400)
Losses on disposal of capital assets	\$0	\$0
Changes in:		
Accounts receivable	\$186,709	\$10,867,479
Prepays and other current assets	\$35,088	(\$34,581)
Long term accounts receivable	\$0	\$0
Long term investments	\$441,552	\$1,478,092
Accounts payable and accrued liabilities	(\$4,627,702)	\$867,407
Deferred revenue	\$567,213	\$2,129,870
Employee future benefit liabilities	\$0	\$0
Other (describe) Net capital allocations/holdback non cash transactions	\$3,462,002	(\$12,604,233)
Total cash flows from Operations	\$1,115,996	\$4,197,815
B. INVESTING ACTIVITIES		
Purchases of capital assets		
Land	(\$204,721)	(\$447,618)
Buildings	(\$1,163,616)	(\$16,524,219)
Equipment	(\$2,230,647)	(\$3,063,506)
Vehicles	(\$26,648)	(\$23,048)
Net proceeds from disposal of capital assets	\$0	\$3,400
Other (describe) Net holdback cash transactions	(\$3,715,943)	\$1,445,975
Total cash flows from Investing activities	(\$7,341,575)	(\$18,609,016)
C. FINANCING ACTIVITIES		
Capital allocations	\$2,317,721	\$778,198
Issue of long term debt	\$0	\$0
Repayment of long term debt	(\$107,920)	(\$107,920)
Add back: supported portion	\$107,920	\$107,920
Other (describe) Net capital allocations non-cash transaction	\$253,941	\$11,158,258
Total cash flows from financing activities	\$2,571,662	\$11,936,456
Net cash flows from during the year	(\$3,653,917)	(\$2,474,745)
Cash and temporary investments, net of bank indebtedness, at Aug. 31/11	\$16,217,547	\$18,692,292
Cash and temporary investments, net of bank indebtedness, at Aug. 31/12	\$12,563,630	\$16,217,547

Note: Please input "(Restated)" where Actual 2011 comparatives are not as presented in the finalized 2010/2011 Audited Financial Statements filed with Alberta Education.

**STATEMENT OF CHANGES IN NET ASSETS
for the Year Ended August 31, 2012**

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	Operating Reserves	Capital Reserves	Operating Reserves	Capital Reserves
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
<u>Prior period adjustments</u> (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, 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
Excess (deficiency) of revenues over expenses	(\$335,732)		(\$335,732)												
Board funded capital additions		\$1,307,205	(\$1,307,205)	\$0	\$0		\$0		\$0						
Disposal of unsupported capital assets	\$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
Direct credits to net assets	\$0	\$0	\$0												
Amortization of capital assets		(\$4,740,627)	\$4,740,627												
Amortization of capital allocations		\$3,353,761	(\$3,353,761)												
Debt principal repayments (unsupported)		\$0	\$0												
Net transfers to operating reserves			\$0	\$0		\$0		\$0		\$0				\$0	
Net transfers from operating reserves			\$359,248	(\$359,248)		(\$237,362)		\$0		\$0		\$0		(\$121,886)	
Net transfers to capital reserves			(\$1,386,865)		\$1,386,865		\$449,411		\$890,973		\$21,332		\$0		\$25,149
Net transfers from capital reserves			\$1,307,205		(\$1,307,205)		(\$188,121)		(\$1,105,021)		(\$10,623)		\$0		(\$3,440)
Assumption/transfer of other operations' net assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance at August 31, 2012	\$19,736,277	\$13,227,587	\$200,000	\$719,581	\$5,589,109	\$832,360	\$2,140,039	(\$112,443)	\$1,625,479	\$258,282	\$1,801,882	(\$258,618)	\$0	\$0	\$21,709

STATEMENT OF CAPITAL ALLOCATIONS
(EXTERNALLY RESTRICTED CAPITAL CONTRIBUTIONS ONLY)
for the Year Ended August 31, 2012
(in dollars)

	Deferred Capital Allocations	Unamortized Capital Allocations
Balance at August 31, 2011	\$10,245,182	\$75,584,436
Prior period adjustments	\$0	\$0
Adjusted balance, August 31, 2011	\$10,245,182	\$75,584,436
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	\$62,721	
Other capital grants and donations	\$2,255,000	
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		\$170,380
Transferred in capital assets (amortizable, @ net book value)		\$0
Current year supported debenture principal repayment		\$107,920
Expended capital allocations - current year	(\$2,318,428)	\$2,318,428
Deduct:		
Net book value of supported capital assets dispositions, write-offs, or transfer; Other	\$0	\$0
Capital allocations amortized to revenue		\$3,353,761
Balance at August 31, 2012	\$10,244,475	\$74,827,403

* 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, 2012

1. AUTHORITY AND PURPOSE

The Fort McMurray Catholic Board of Education (the "Jurisdiction") is governed and 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 Education Grants Regulation (AR 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.

Capital allocations from the province or other funding agencies are recorded as deferred capital allocations until spent. Once they are spent they are transferred to unamortized capital allocations which are amortized to revenue on the same basis as the capital asset acquired by the capital allocation. Capital allocations relate to capital grants received or to debenture support received for debt originally incurred for the purpose of acquiring capital assets.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Cash and temporary investments

Cash and temporary investments include balances with banks and short-term investments with maturities of one year or less.

c. Prepaid Expenses

Certain expenditures incurred and paid before the close of the school year are for specific school supplies which will be consumed subsequent to year-end. Accordingly, they are recorded as prepaid expenses. Prepaid expenses also include the unexpired insurance premiums at year-end.

d. 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	Not amortized
Land improvements	20 years
Buildings	25 to 40 years
Vehicles and buses	5 to 10 years
Computer hardware and software	3 to 5 years
Other equipment	5 to 10 years

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. Amortization is recorded in the year the asset is acquired except on assets not in use and assets recorded as construction in progress.

e. 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.).

f. Vacation Pay

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. 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 Teachers Retirement Fund ("ATRF") 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 Government portion of the current service contribution to the ATRF on behalf of the Jurisdiction is included in both revenues and expenses. For the school year ended August 31, 2012, the amount contributed by the Government was \$2,594,245 (2011 - \$2,333,182).

The Jurisdiction participates in a multi-employer pension plan, the Local Authorities Pension Plan ("LAPP"), and does not report on any unfunded liabilities. The expense for this pension plan is equivalent to the annual contributions of \$735,023 for the year ended August 31, 2012 (2011 - \$688,477). At December 31, 2011, the LAPP reported a deficiency of \$4,639,390,000 (2010 - a deficiency of \$4,635,250,000).

h. Supplementary integrated Pension Plan

The Alberta School Boards Association ("ASBA") Supplementary integrated Pension Plan ("SiPP"), a multi-employer registered defined-benefit pension plan sponsored by the ASBA which is subject to the provisions of the Alberta Employment Pension Plans Act ("EPPA"), was effective January 1, 2004. It provides supplementary pension benefits to a prescribed class of employees. The plan supplements the LAPP or the ATRF.

The accrued benefit liability at August 31, 2012 is \$156,337 (2011 - \$139,178).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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.

j. 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, trust assets and liabilities, and long-term investments as held-for-trading. These instruments are initially recognized at their 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial Instruments (continued)

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are 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 accrued 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 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, 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)

j. Financial Instruments (continued)

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.

k. Operating and Capital Reserves

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

l. Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Jurisdiction performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in excess (deficiency) of revenues over expenses for the year.

Prices for similar items are used to measure fair value of long-lived assets.

m. Measurement Uncertainty (use of estimates)

The preparation of financial statements in conformity with GAAP 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 excess (deficiency) of revenues over expenses in the periods in which they become known.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Future Accounting Policies

The Jurisdiction will adopt public sector accounting standards for the year ending August 31, 2013 with retrospective application and restatement of the prior school year. The transition is intended to enhance the public accountability and comparability of the financial reporting of the government controlled entities with those of other government organizations. The Jurisdiction has not yet determined the impact of the new standards on its financial statements.

3. CASH AND TEMPORARY INVESTMENTS

	2012			2011 (Restated)		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Cash and cash equivalents	0.0%	\$4,855,837	4,855,837	0.0%	\$6,074,899	\$11,146,223
Fixed-income securities						
Provincial, direct and guaranteed	-	-	-	0.6%	4,525,782	4,553,412
Corporate	2.3%	7,602,554	7,707,793	2.7%	504,100	517,912
Total fixed-income securities	2.3%	7,602,554	7,707,793	0.8%	5,029,882	5,071,324
Total cash and temporary investments		\$12,458,391	\$12,563,630		\$16,176,105	\$16,217,547

4. ACCOUNTS RECEIVABLE

	<u>2012</u>	2011 Restated
Alberta Education	\$7,237,851	\$7,360,623
Alberta Finance	53,647	53,647
Federal	571,232	886,808
Other	<u>468,264</u>	<u>216,625</u>
	<u>\$8,330,994</u>	<u>\$8,517,703</u>

Of the amounts receivable from Alberta Education, \$6,962,343 (2011 - \$7,216,284) is for capital projects in progress including the construction of Holy Trinity Catholic High School that opened in September 2011. This project will be finalized over the course of the 2012/13 school year.

2011 comparative figures were restated to remove cash totalling \$597,248 from accounts receivable which is now included in the cash balance.

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

5. TRUST ASSETS AND LIABILITIES

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

	<u>2012</u>	<u>2011</u>
Education Endowment Fund	\$135,876	\$128,593
Scholarship Trust	50,000	50,000
Children and Youth with Complex Needs (Banker Board)	247,105	365,142
Youth Conference	-	(1,633)
NEAFAN	451,010	514,739
AB School Commodity Purchasing Consortium (CPC)	(26,956)	(4,240)
	<u>\$857,035</u>	<u>\$1,052,601</u>

6. LONG TERM INVESTMENTS

	2012			2011		
	Average Effective (Market) Yield	Cost	Fair Value	Average Effective (Market) Yield	Cost	Fair Value
Fixed income securities						
Provincial, direct and guaranteed	3.9%	\$936,102	\$1,010,559	6.9%	\$936,101	\$995,548
Corporate	3.2%	1,766,619	1,839,060	5.5%	2,176,399	2,295,623
Total fixed income securities	<u>3.3%</u>	<u>2,720,721</u>	<u>2,849,619</u>	<u>3.4%</u>	<u>3,112,500</u>	<u>3,291,171</u>
Total long term investments	<u>3.3%</u>	<u>\$2,720,721</u>	<u>\$2,849,619</u>	<u>5.7%</u>	<u>\$3,112,500</u>	<u>\$3,291,171</u>

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

	<u>2012</u>	<u>2011</u>
1 to 5 years	100%	100%

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

7. TANGIBLE CAPITAL ASSETS

	Land and land improvements	Construction In Progress - Buildings	Buildings	Equipment - Computer Hardware & Software	Other Equipment	Vehicles	Total Aug. 31, 2012	Total Aug. 31, 2011
Estimated useful life	20 Years		25-40 Years	3-5 Years	5-10 Years	5-10 Years		
Historical cost								
September 1, 2011	\$2,958,885	\$45,771,829	\$74,314,385	\$5,047,034	\$2,466,669	\$277,045	\$130,835,847	\$110,798,099
Additions	204,726	170,380	1,163,617	1,867,910	362,737	26,648	3,796,008	20,325,172
Transfers in (out)	-	(45,771,829)	45,771,829	-	-	-	-	-
Less disposals including write-offs	-	-	-	-	-	-	-	(287,424)
August 31, 2012	\$3,163,601	\$170,380	\$121,249,831	\$6,914,944	\$2,829,406	\$303,693	\$134,631,855	\$130,835,847
Accumulated amortization								
September 1, 2011	\$1,645,904	\$-	\$36,019,539	\$2,984,140	\$357,047	\$185,480	\$41,192,110	\$38,680,391
Amortization expense	49,018	-	3,423,961	991,569	235,339	40,740	4,740,627	2,799,143
Transfers in (out)	-	-	-	-	-	-	-	-
Effect of disposals	-	-	-	-	-	-	-	(287,424)
August 31, 2012	\$1,694,922	\$-	\$39,443,500	\$3,975,709	\$592,386	\$226,220	\$45,932,737	\$41,192,110
Net Book Value at August 31, 2012	\$1,468,679	\$170,380	\$81,806,331	\$2,939,235	\$2,237,020	\$77,473	\$88,699,118	\$89,643,733

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

8. BANK INDEBTEDNESS

The Jurisdiction has negotiated a line of credit in the amount of \$1,000,000 (2011 - \$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 as of August 31, 2012 (2011 - \$0).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Alberta Finance	\$53,674	\$53,647
Payroll liabilities	1,135,487	429,320
Other trade payables and accrued liabilities	<u>2,073,213</u>	<u>7,407,109</u>
	<u>\$3,262,374</u>	<u>\$7,890,076</u>

10. DEFERRED REVENUE

SOURCE AND GRANT OR FUND TYPE	DEFERRED REVENUE as at Aug. 31, 2011	ADD: 2011/2012 Restricted Funds Received/ Receivable	DEDUCT: 2011/2012 Restricted Funds Expended (Paid / Payable)	ADD (DEDUCT): 2011/2012 Adjustments or Returned Funds	DEFERRED REVENUE as at Aug. 31, 2012
Alberta Education Restricted Operational Funding:					\$0
Alberta Initiative for School Improvement	\$0	\$286,850	(\$286,850)	\$0	\$0
Children and Youth with Complex Needs	\$0	\$0	\$0	\$0	\$0
Infrastructure Maintenance Renewal	\$1,811,910	790,565	(\$222,873)	\$0	\$2,379,602
Portable/Modular Unit Relocation	\$0	\$0	\$0	\$0	\$0
Small Class Size Initiative (for funding previously received before class size initiative was included in "Base Instruction Funding)	\$0	\$0	\$0	\$0	\$0
Student Health Initiative (School Authorities)	\$0	\$0	\$0	\$0	\$0
SuperNet Service	\$0	\$89,792	(\$89,792)	\$0	\$0
Other Alberta Education deferred revenue (list details)	\$0	\$0	\$0	\$0	\$0
Other Government of Alberta Restricted Funding:	\$0	\$0	\$0	\$0	\$0
Other Deferred Revenue:					
School Generated Funds	\$743,947	\$1,650,870	(\$1,607,393)	\$0	\$787,424
Supplies & Material Fees	\$428,117	\$654,444	(\$684,289)	\$0	\$398,272
Transportation Fees	\$147,609	\$342,647	(\$320,829)	\$0	\$169,427
High School Academies	\$81,111	\$154,722	(\$235,833)	\$0	\$0
Suncor Centre for the Performing Arts	\$1,500	\$303,788	(\$246,003)	\$0	\$59,285
Out of School Care Fees	\$17,603	\$524,548	(\$542,151)	\$0	\$0
Donations	\$0	\$889,714	(\$884,714)	\$0	\$5,000
Total	\$3,231,797	\$5,687,940	(\$5,120,727)	\$0	\$3,799,010

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

11. DEFERRED CAPITAL ALLOCATIONS

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

12. LONG TERM DEBT

Debenture Debt – Supported

The debenture debt bears interest at 9% (2011 - 9%). The debenture debt is fully supported by Alberta Finance. Debenture payments due over the next five years and beyond are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2016-2017	107,920	19,426	127,346
2017 to maturity	107,920	9,712	117,632
	<u>\$647,520</u>	<u>\$203,968</u>	<u>\$851,488</u>

13. UNAMORTIZED CAPITAL ALLOCATIONS

Unamortized capital allocations (“UCA”) 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. Changes in UCA are summarized on the statement of capital allocations.

14. FEES

	<u>2012</u>	<u>2011</u>
Transportation fees	\$320,829	\$250,849
Fees charged for instruction material and supplies	393,232	341,051
Other fees	647,478	214,717
	<u>\$1,361,539</u>	<u>\$806,617</u>

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

15. SCHOOL GENERATED FUNDS

Unexpended School Generated Revenues, Opening Balance August 31, 2011:	\$743,947
Current Year Activities – Gross Receipts:	
Fees	356,420
Fundraising	430,111
Gifts and donations	79,911
Grants to schools	-
Other sales and services	784,428
Total gross receipts	\$1,650,870
Current Year Activities – Total Direct Costs Including Cost of Goods Sold to Raise Funds	-
Current Year Activities –Uses of Funds	(1,607,393)
Unexpended School Generated Revenues, Closing Balance August 31, 2012:	\$787,424

16. COMMITMENTS

Operating lease

The following operating lease payments are required under the lease terms expiring through 2013:

2013	\$274,878
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17. 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, 2012

18. 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
2011-2012				
Government of Alberta:				
Education	\$7,237,851	\$2,379,602	\$55,483,707	\$2,594,245
Infrastructure & Transportation	-	-	-	-
Finance	53,647	701,167	67,990	67,990
Health & Wellness	-	-	-	-
Human Resources/Employment	5,800	-	5,747	-
Other Gov't of Alberta departments	199,567	-	1,437,556	-
Other:				
Health authorities	-	-	56,321	-
Post-secondary institutions	228,592	-	570,905	65,285
Other Alberta school jurisdictions	-	-	-	21,524
Other related parties	9,423,784	-	82,953	4,596
TOTAL 2011-2012	<u>\$17,149,241</u>	<u>\$3,080,769</u>	<u>\$57,705,180</u>	<u>\$2,735,550</u>
TOTAL 2010-2011	<u>\$19,765,079</u>	<u>\$2,620,997</u>	<u>\$52,429,948</u>	<u>\$2,540,782</u>

The Jurisdiction utilizes banking facilities provided by ATB Financial and the assets include funds on deposit, expenses include interest and service charges in the amount of \$4,596 (2011 - \$6,119) and investment revenue of \$48,791 (2011 - \$50,460).

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

19. 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, 2012

20. REMUNERATION AND MONETARY INCENTIVES

The Fort McMurray Catholic Board of Education had paid or accrued expenses for the year ended August 31, 2012 to or on behalf of the following positions and persons in groups as follows: remuneration

Board Members:	FTE	Remuneration	Benefits *	Performance Bonuses	ERIP's / Other	Expenses
G. Carbery, Chair	1.0	\$15,203	\$411			\$7,448
C. Cormier, Vice Chair	0.8	11,007	330			1,273
K. McGrath	1.0	14,249	363			3,446
T. McKinnon	0.8	17,327	401			12,758
K. Behrish	0.8	9,567	295			1,063
Subtotal	4.4	\$67,353	\$1,800			\$25,988
Superintendent: Kim Jenkins	1.0	\$184,801	\$38,045	\$5,169	-	\$16,488
Secretary-Treasurer: Francois Gagnon	1.0	170,663	32,977	-	-	9,041
Certificated Teachers	285	28,942,899	5,156,193	-	-	
Non-certificated - Other	267	12,659,965	2,108,540	-	-	
TOTALS	554	<u>\$42,025,681</u>	<u>\$7,337,555</u>	<u>\$5,169</u>	-	

*Benefits include government portion of the current service contribution to the Alberta Teachers Retirement Pension Fund on behalf of the Jurisdiction.

21. SUPPLEMENTARY CASH FLOW INFORMATION

Interest paid and received

	<u>2012</u>	<u>2011</u>
Interest paid	\$4,596	\$6,119
Interest received	256,857	282,452

Fort McMurray Catholic Board of Education
Notes to the Financial Statements for the year ended August 31, 2012

22. BUDGET AMOUNTS

The budget was prepared by the Jurisdiction and approved by the Board of Trustees' on June 20th, 2011. It is presented for information purposes only and has not been audited.

23. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary to conform to the 2011/2012 presentation.

24. CHANGE IN ACCOUNTING POLICY

The Government of Alberta remits all funds to the ATRF on behalf of the Jurisdiction. Historically, this has not been recorded in the Jurisdiction's financial statements. During the year, the Government of Alberta required the Jurisdiction to report these contributions as revenue and as an expense in the financial statements. Revenue from the Government of Alberta and certificated benefits have increased by \$2,333,182 in 2011 to reflect retrospective application of this change in accounting policy.

Due to changes in presentation of school generated funds recommended by the Government of Alberta, cash and deferred revenue have both increased by \$743,947 as at August 31, 2011. This had no effect on total net assets. Gross school generated funds revenue of \$1,269,509 was reallocated to fees, other sales and services, gifts and donations, and fundraising in the amounts of \$214,783, \$576,336, \$190,596, and \$287,794 respectively. Gross school generated funds expense of \$1,269,509 was re-allocated to services, contracts and supplies. This had no effect on excess (deficiency) of revenues over expenses.