

EASTERN ONTARIO REGIONAL NETWORK INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2024

EASTERN ONTARIO REGIONAL NETWORK INC.

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EASTERN ONTARIO REGIONAL NETWORK INC.

For The Year Ended March 31, 2024

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Eastern Ontario Regional Network Inc. are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Organization maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Organization's assets are appropriately accounted for and adequately safeguarded.


The Organization's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

The Board of Directors reviews and approves the Organization's financial statements for issuance to the members of the Eastern Ontario Regional Network Inc. The Board of Directors meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Organization. Baker Tilly KDN LLP has full and free access to the Organization.



Chair



Chief Financial Officer

October 29, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of the Eastern Ontario Regional Network Inc.

Opinion

We have audited the consolidated financial statements of the Eastern Ontario Regional Network Inc. and its subsidiary (the Organization), which comprise the consolidated statement of financial position as at March 31, 2024, the consolidated statements of operations and accumulated surplus, net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at March 31, 2024, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 10, 2024



EASTERN ONTARIO REGIONAL NETWORK INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At March 31, 2024

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash	12,084,517	11,866,451
Due from Province of Ontario	6,650,142	7,348,311
Due from Government of Canada	6,650,173	7,348,007
HST receivable	660,341	1,025,052
Accounts receivable	378,618	258,736
TOTAL FINANCIAL ASSETS	26,423,791	27,846,557
LIABILITIES		
Accounts payable and accrued liabilities	19,648,272	20,439,368
Advances from Eastern Ontario Wardens' Caucus (EOWC) (note 7)	1,027,534	1,027,149
Advances from municipalities - Cell Gap Project (note 7)	5,427,919	6,193,330
TOTAL LIABILITIES	26,103,725	27,659,847
NET FINANCIAL ASSETS	320,066	186,710
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	-	3,200
Prepaid expenses	21,592	22,852
TOTAL NON-FINANCIAL ASSETS	21,592	26,052
ACCUMULATED SURPLUS (note 5)	341,658	212,762

The accompanying notes are an integral part of these financial statements

EASTERN ONTARIO REGIONAL NETWORK INC.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended March 31, 2024

	Budget 2024 \$ (Unaudited)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Broadband project:			
Member contributions (note 7)	58,298	-	-
Sustainability funding	251,418	251,418	251,418
Interest	40,321	63,134	46,197
In-kind contributions (note 6)	10,053	8,871	10,757
Cell Gap Project:			
Government of Canada	10,865,796	11,498,563	17,615,113
Province of Ontario	10,865,965	11,498,699	17,615,286
Municipal contributions (note 7)	1,303,504	765,411	1,038,427
In-kind contributions (note 6)	37,648,502	47,646,974	29,176,168
Interest	305,039	338,139	211,085
Sustainability funding	250,000	250,000	125,000
EOWC Regional Housing Project contributions	-	260,401	4,953
CMHC Housing Supply Challenge	-	87,679	-
Permit Central	-	420	-
Other	-	6,729	4,498
TOTAL REVENUES	61,598,896	72,676,438	66,098,902
EXPENSES			
Broadband operations	511,917	430,884	440,387
Cell Gap Project:			
Construction	58,214,570	69,705,022	63,170,029
General - eligible	1,685,956	1,361,917	1,727,164
General - ineligible	1,088,280	680,847	758,887
EOWC Regional Housing Project (note 7)	-	260,401	4,953
CMHC Housing Supply Challenge	-	87,679	-
General	30,000	11,567	53,326
Consulting services	-	9,225	12,300
TOTAL EXPENSES	61,530,723	72,547,542	66,167,046
ANNUAL SURPLUS/(DEFICIT)	<u>68,173</u>	128,896	(68,144)
ACCUMULATED SURPLUS - beginning of year		212,762	280,906
ACCUMULATED SURPLUS - end of year		341,658	212,762

The accompanying notes are an integral part of these financial statements

EASTERN ONTARIO REGIONAL NETWORK INC.

CONSOLIDATED STATEMENT OF NET FINANCIAL ASSETS

For the Year Ended March 31, 2024

	Budget 2024 \$ (Unaudited)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	68,173	128,896	(68,144)
Amortization of tangible capital assets	-	3,200	3,200
Change in prepaid expenses	-	1,260	(10,952)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	68,173	133,356	(75,896)
NET FINANCIAL ASSETS - beginning of year	186,710	186,710	262,606
NET FINANCIAL ASSETS - end of year	254,883	320,066	186,710

The accompanying notes are an integral part of these financial statements

EASTERN ONTARIO REGIONAL NETWORK INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	128,896	(68,144)
Items not involving cash		
Amortization of tangible capital assets	3,200	3,200
Change in non-cash assets and liabilities		
Due from Province of Ontario	698,169	(3,225,149)
Due from Government of Canada	697,834	(3,224,798)
HST receivable	364,711	(73,509)
Accounts receivable	(119,882)	(221,866)
Prepaid expenses	1,260	(10,952)
Accounts payable and accrued liabilities	(791,096)	10,286,111
Due to Eastern Ontario Leadership Council (EOLC)	-	(68,791)
Net change in cash from operating activities	983,092	3,396,102
FINANCING ACTIVITIES		
Change in advances from EOWC	385	(385)
Advances from municipalities - Cell Gap Project:		
Amounts transferred to operations	(765,411)	(1,038,427)
Amounts received	-	750,839
Net change in cash from financing activities	(765,026)	(287,973)
NET CHANGE IN CASH	218,066	3,108,129
CASH - beginning of year	11,866,451	8,758,322
CASH - end of year	12,084,517	11,866,451

The accompanying notes are an integral part of these financial statements

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

1. NATURE OF OPERATIONS

Eastern Ontario Regional Network Inc. (EORN) was incorporated without share capital on May 20, 2010 and was formed to manage a project of the Eastern Ontario Wardens' Caucus (EOWC) to improve internet access to at least 95 percent of homes and businesses in eastern Ontario, with the support of the federal, provincial and municipal governments and the private sector. EORN achieved that goal in 2015 and continues to focus its energy and efforts on expanding connectivity for the region to ensure both rural and urban residents have access to reliable broadband and cellular services.

In 2015, EORN developed a 10-year digital strategy to ensure that improved access to connectivity will deliver economic growth and a better quality of life to eastern Ontario communities. In 2020, with funding allocated by the three levels of government, the EORN Cell Gap Project began. The physical build will take approximately five years to complete and will address the issues around coverage and capacity related to cellular service. Total government and partner contributions to the project are expected to be in excess of \$300 million.

EORN also recognizes that broadband services for the region need to continue to evolve and improve. EORN will continue its advocacy and encourage the Government of Canada and Province of Ontario to continue to invest in broadband in eastern Ontario.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Organization and which are owned and controlled by the Organization. These consolidated financial statements include:

- EORN Consulting Services Inc.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Computer equipment	5 years
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Network Infrastructure

The Organization retains ownership of 51 per cent of the funded assets constructed as part of the Cell Gap Project; however, all repairs and maintenance and upgrade costs are the responsibility of Rogers Communications Canada Inc. Since the Organization does not retain operational control over the assets, they have not been recorded as tangible capital assets but are reported as an expense on the consolidated statement of operations and accumulated surplus.

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **For the Year Ended March 31, 2024**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Deferred Revenue

Deferred revenue represents grants and contributions which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government Funding

Government funding is recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Member contributions for broadband are earned based on operating and other project expenses in excess of other revenue sources. The total remaining unspent member contributions is shown as advances from EOWC on the Consolidated Statement of Financial Position.

Municipal contributions for Cell Gap Project are earned based on operating and other project expenses in excess of other revenue sources. The total remaining unspent Municipal contributions is shown as advances from municipalities for the Cell Gap Project on the Consolidated Statement of Financial Position.

Sustainability funding is recognized in the consolidated financial statements as revenues in the period in which it is earned based on the terms of the funding agreement.

Interest income is recorded when earned.

In-kind contributions are recorded as both a revenue and expense based on the fair value of the goods or services received at no cost.

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions, in such areas as accrued liabilities and collectability of receivables, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Inter-Entity Transactions

The Organization has entered into related party transactions with those organizations described in note 7.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Organization.

(g) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Due from Province of Ontario	Amortized Cost
Due from Government of Canada	Amortized Cost
HST receivable	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Advances from Eastern Ontario Wardens' Caucus (EOWC)	Amortized Cost
Advances from municipalities - Cell Gap Project	Amortized Cost

Fair value category: The Organization manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Non-financial Assets

Tangible capital are accounted for as assets by the Organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Organization unless they are sold.

3. CREDIT FACILITY AGREEMENT

The Organization has an outstanding letter of credit in favour of the Ontario Municipal Employees Retirement System in the amount of \$90,000 with the Bank of Montreal.

4. TANGIBLE CAPITAL ASSETS

The net book value of the Organization's tangible capital assets are:

	2024 Computer Equipment \$	2023 Computer Equipment \$
COST		
Balance, beginning of year	16,000	16,000
Balance, end of year	16,000	16,000
ACCUMULATED AMORTIZATION		
Balance, beginning of year	12,800	9,600
Add: additions during the year	3,200	3,200
Balance, end of year	16,000	12,800
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	3,200

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024 \$	2023 \$
Surplus/(Deficit)		
EORN Consulting Services Inc.	(98,610)	(96,114)
Invested In Capital Assets		
Tangible capital assets - net book value	-	3,200
Deficit	(98,610)	(92,914)
Reserves		
Broadband sustainability funding	65,268	180,676
Cell Gap sustainability funding	375,000	125,000
Total Reserves	440,268	305,676
	341,658	212,762

The sustainability funding reserves have been generated from various funding agreements with private sector partners to fund operating expenses after the construction phase of the projects.

6. IN-KIND CONTRIBUTIONS

In-kind contributions are comprised of the following private sector contributions:

	2024 \$	2023 \$
Broadband project	8,871	10,757
Cell Gap project	47,646,974	29,176,168
	47,655,845	29,186,925

The Cell Gap Project in-kind contributions represent the private sector partner(s) contribution towards construction expenses. The in-kind contributions are based on a percentage of the construction expenses incurred in the fiscal year with the balance funded by the Government of Canada and the Province of Ontario.

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

7. INTER-ENTITY TRANSACTIONS

Several organizations, including EORN, EOWC, Eastern Ontario Mayors' Caucus (EOMC) and EOLC were created to conduct research and enhance municipal service delivery in eastern Ontario. As these organizations were created by the same group of member municipalities, often have common board members and management, transactions between these organizations are considered related party transactions. Transactions with the member municipalities are also related party transactions.

The Organization has received advances from EOWC in order to fund the broadband project. The advances are based on contribution agreements between EOWC and each of its member municipalities.

During 2019 advances were received from EOWC member municipalities to initiate the Cell Gap CRTC analysis process and in 2019, 2020, 2021 and 2022 additional advances were received from municipalities for their 10 million dollar contribution to the Cell Gap Project agreement with the Government of Canada and Province of Ontario.

Details of the inter-entity expense transactions are as follows:

	2024	2023
	\$	\$
Revenues:		
Municipal contributions:		
Cell Gap Project	765,411	1,038,427
Expenses:		
County of Hastings - financial and administrative services	181,895	181,895
County of Hastings - human resources services	25,985	25,985
County of Hastings - information technology	10,394	10,394
County of Peterborough - procurement services	832	1,455
County of Peterborough - GIS services	136,873	134,444
County of Frontenac - Indigenous consultant	98,157	72,707
County of Frontenac - policy analyst	52,821	72,707
Interest on Cell Gap advances	-	74,813
EOWC Regional Housing Project	260,401	4,953
	767,358	579,353
	1,532,769	1,617,780

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended March 31, 2024

7. INTER-ENTITY TRANSACTIONS, continued

Details of the related party assets/(liabilities) are as follows:

	2024	2023
	\$	\$
Advances from EOWC	(1,027,534)	(1,027,149)
Advances from municipalities - Cell Gap Project	(5,427,919)	(6,193,330)
Accounts payable - interest on Cell Gap advances due to municipalities	-	(18,304)
Accounts payable - County of Hastings	(25,589)	(62,934)
Accounts payable - County of Frontenac	(41,595)	(39,918)
Accounts payable - County of Peterborough	(12,677)	(12,308)

Unless otherwise noted, due from (to) balances, accounts receivable, accounts payable and advances are unsecured, without interest and have no specific terms of repayment.

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Organization is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Organization monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Organization is not exposed to any significant market, interest rate or currency risk.

9. PENSION AGREEMENTS

Certain employees of the Organization are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Organization does not recognize any share of the OMERS pension surplus or deficit.

The Organization's required contributions to OMERS in 2024 were \$113,115 (2023 - \$108,959).

EASTERN ONTARIO REGIONAL NETWORK INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2024

10. BUDGET FIGURES

The budget, approved by the Organization for 2024 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Net Financial Assets. Budget figures are not subject to audit.

11. COMMITMENT

The Organization has committed to the Cell Gap Project which has approximate costs of \$322 million. Within that commitment is an agreement for network construction and several agreements for purchased services to complete the project. The costs will be funded by the Federal and Provincial governments in the amount of approximately \$142 million, by local governments in the amount of approximately \$10 million and by private sector contributions of approximately \$170 million. Total costs of \$170.3 million have been incurred to March 31, 2024.

12. CHANGES IN ACCOUNTING POLICIES

The Organization has implemented the following PSA sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Organization's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". The adoption of this standard did not have an impact on the Organization's consolidated financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Organization's consolidated financial statements.