ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2024

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Financial Statements
For the Year Ended March 31, 2024

Management's Report

Management's Responsibility for the Financial Statements

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board meets throughout the year and reviews external audited financial statements yearly.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Atlantic Provinces Special Education Authority and meet when required.

On behalf of the Atlantic Provinces Special Education Authority:

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Lisa Doucet
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Superintendent
Atlantic Provinces Special Education Authority

DocuSigned by:
Lianne Frizzell
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Director of Finance and Administration
Atlantic Provinces Special Education Authority

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Independent auditor's report

To the Board of Directors of
Atlantic Provinces Special Education Authority

Opinion

We have audited the financial statements of the Atlantic Provinces Special Education Authority ("APSEA" or the "Entity"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APSEA as at March 31, 2024, and its results of operations, its changes in its net financial assets, and its 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 Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

Other Matter – Supplementary Financial Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in the schedules on page 23 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the consolidated financial statements taken as a whole.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton LLP

Halifax, Canada
June 21, 2024

Chartered Professional Accountants

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial Assets		
Cash and cash equivalents	$11,693,819	$11,268,861
Restricted cash (Note 11)	240,396	458,816
Accounts receivable	84,295	144,188
Receivable for early retirement incentive plan (Note 4)	739,000	779,600
Receivable for post-retirement benefits (Note 5)	2,490,000	2,426,800
Receivable for teachers' sick leave (Note 6)	644,400	632,000
Portfolio investments - blind/visually impaired (Note 11)	9,668,085	9,112,769
Portfolio investments - deaf/hard of hearing (Note 11)	6,258,755	5,801,489
	31,818,750	30,624,523
Liabilities		
Accounts payable	730,790	717,313
Public Service early retirement incentive plan (Note 4)	739,000	779,600
Post-retirement benefits (Note 5)	2,490,000	2,426,800
Teachers' sick leave (Note 6)	644,400	632,000
Asset Retirement Obligation (Note 14)	494,475	485,195
	5,098,665	5,040,908
Net financial assets	26,720,085	25,583,615
Non-financial assets		
Tangible capital assets (Note 9 and Note 14)	4,041,934	4,499,224
Accumulated surplus (Note 7)	30,762,019	30,082,839
Accumulated surplus is comprised of:		
Accumulated operating surplus	28,969,613	29,210,621
Accumulated remeasurement gains	1,792,406	872,218
	$30,762,019	$30,082,839

Commitments (Note 12)

Contingent Liabilities (Note 13)

APPROVED ON BEHALF OF THE BOARD

DocuSigned by:

Elwin LeRoux

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Member

DocuSigned by:

Erin McGrath-Gaudet

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Member

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual
REVENUES			
Government grants (Note 8)	$18,997,434	$17,957,497	$18,476,804
Other Income			
Shared by four provinces	100,000	627,169	326,312
Shared by three provinces	242,000	215,990	346,245
Centre-based	211,170	212,670	229,030
Annuities, bequests and donations	-	-	14,875
Investment income	-	636,423	2,921,477
Other	-	-	22,332
	553,170	1,692,252	3,860,271
Total revenues	19,550,604	19,649,749	22,337,075
EXPENDITURES			
Administration and consultation (shared by four provinces)			
Administration	834,669	858,524	1,294,140
Programs - blind/visually impaired	236,370	229,665	226,689
Human resources and Accessibility services	774,898	707,174	150,193
Support services	2,788,327	2,678,323	1800,635
Autism in education	203,511	232,817	176,406
	4,837,775	4,706,503	3,648,063
Administration and consultation (shared by three provinces)			
Programs - deaf/hard of hearing	204,409	201,632	202,995
Audiology	530,827	458,152	579,762
Support services	226,768	226,310	292,737
	962,004	886,094	1,075,494
Assessment services	-	-	185,468
Atlantic Provincial Connections (APC)	1,558,606	1,448,886	729,048
Residence	-	-	33,152
Property and buildings	825,565	713,962	791,053
Provincial programs			
New Brunswick - deaf/hard of hearing	2,608,263	2,548,283	2,303,550
New Brunswick - blind/visually impaired	1,248,289	872,305	1,088,353
	3,856,552	3,420,588	3,391,903
Nova Scotia - deaf/hard of hearing	4,725,713	4,910,154	4,660,386
Nova Scotia - blind/visually impaired	2,400,002	2,417,208	2,735,871
	7,125,715	7,327,362	7,396,257
Newfound land and Labrador - deaf/hard of hearing	-	-	38,337
Newfound land and Labrador - blind/visually impaired	-	-	49,105
	-	-	87,442
Prince Edward Island - deaf/hard of hearing	-	-	13,919
Prince Edward Island - blind/visually impaired	527,960	478,032	487,247
	527,960	478,032	501,166
Total program expenses	19,694,177	18,981,427	17,839,046
Early retirement incentive plan (Note 4)	36,427	18,900	23,900
Amortization of tangible capital assets (Note 9)	414,000	578,467	362,056
Total expenses before trust fund expenditures (Note 10)	20,144,604	19,578,794	18,225,002
Trust fund expenditures - blind/visually impaired (Note 11)	-	119,175	166,595
Trust fund expenditures - deaf/hard of hearing (Note 11)	-	192,788	190,939
Total expenses	20,144,604	19,890,757	18,582,536
Annual (deficit) surplus	(594,000)	(241,008)	3,754,539
Accumulated operating surplus, beginning of year	29,210,621	29,210,621	25,456,082
Accumulated operating surplus, end of year	$28,616,621	$28,969,613	$29,210,621

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Remeasurement Gains and Losses
For the Year Ended March 31, 2024

	2024	2023
Accumulated remeasurement gains, beginning of year	$872,218	$4,528,563
Remeasurement (gains) losses on portfolio investments quoted in an active market	761,972	(1,216,642)
Realized gains on portfolio investments quoted in an active market recognized in investment income	158,216	(2,439,703)
Net remeasurement (gain) loss for the year	920,188	(3,656,345)
Accumulated remeasurement gains, end of year	$1,792,406	$872,218

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Annual (deficit) surplus	$(594,000)	$(241,008)	$3,754,539
Acquisition of tangible capital assets	-	(121,177)	(753,422)
Asset Retirement Obligation addition	-	-	(485,195)
Amortization of tangible capital assets	414,000	578,467	362,056
	(180,000)	216,282	2,877,978
Remeasurement (gains) losses	-	920,188	(3,656,345)
(Increase) decrease in net financial assets	(180,000)	1,136,470	(778,367)
Net financial assets, beginning of year	25,583,615	25,583,615	26,361,982
Net financial assets, end of year	$25,403,615	$26,720,085	$25,583,615

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Cash Flows
For the Year Ended March 31, 2024

	2024	2023
Cash flows from operating activities		
Annual surplus	(241,008)	3,754,539
Realized gain from sale of Investments	(461,116)	(2,439,703)
Amortization and accretion	587,746	362,056
	(114,378)	1,676,892
Changes in non-cash working capital		
Changes in accounts receivable	59,894	10,902
Changes in accounts payable	13,477	(380,994)
	73,371	(370,092)
Net cash provided by operating activities	(41,007)	1,306,800
Cash used in capital activity		
Purchase of tangible capital assets	(121,177)	(753,422)
Cash used in investing activities		
Proceeds of sale of investments	4,752,042	9,018,123
Purchase of investments	(4,383,320)	(9,273,713)
Net cash (used in) investing activities	368,722	(255,590)
Increase in cash and cash equivalents	206,538	297,788
Cash and cash equivalents, beginning of year	11,727,677	11,429,889
Cash and cash equivalents, end of year	$11,934,215	$11,727,677
Cash and cash equivalents is comprised of:		
Cash and cash equivalents:		
Cash	11,693,819	9,216,875
Cash equivalents	-	2,051,986
	11,693,819	11,268,861
Restricted cash (Note 11)		
Internally restricted - blind/visually impaired trust fund	128,062	303,362
Internally restricted - deaf/hard of hearing trust fund	112,334	155,454
	240,396	458,816
	$11,934,215	$11,727,677

1. Authority

The Atlantic Provinces Special Education Authority ("APSEA") is an inter-provincial cooperative agency established in 1975 by joint agreement among the Ministers of Education of the Atlantic Provinces (the "Agreement"). The agreement provides for the creation of the APSEA and authorizes it to provide educational services, programs and opportunities for children and youth who are deaf, hard of hearing, blind, or visually impaired and who are residents in Atlantic Canada.

2. Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Canadian Public Sector Accounting Board ("PSAB").

Operating Account and Trust Fund Accounts

These statements include the operating accounts for APSEA's program delivery and administrative activity and trust accounts, which are internally restricted. There are several trust accounts including trust funds for students who are blind or visually impaired ("BVI") and trust funds for students who are deaf or hard of hearing ("DHH").

Cost Sharing

Pursuant to the agreement and amendments thereto, program expenditures are shared on the following basis:

Certain administration and consultation expenditures are allocated to the provinces in the ratio of their general population to the total population, based on the 2021 quinquennial census figures released by Statistics Canada.

Administration and consultation expenditures shared by the four provinces (the "Provinces") are allocated as follows:

	2024	**2023**
New Brunswick	32.2%	32.0%
Newfoundland and Labrador	21.2%	22.3%
Nova Scotia	40.2%	39.6%
Prince Edward Island	6.4%	6.1%
	100.0%	100.0%

2. Accounting Policies (continued)

Cost Sharing (continued)

Administration and consultation expenditures for programs for students who are deaf or hard of hearing are shared by three provinces and allocated as follows:

	2024	2023
New Brunswick	40.8%	41.2%
Nova Scotia	51.1%	50.9%
Prince Edward Island	8.1%	7.9%
	100.0%	100.0%

Certain centre-based expenditures were previously allocated on the basis of respective student enrolments for the five preceding school years. As APSEA's service delivery approach has adjusted, the methodology for cost sharing the Atlantic Provincial Connections programming and building maintenance will be changed over a period of five years to align with the population approach:

	2024	2023
New Brunswick	25.3%	23.9%
Newfoundland and Labrador	7.8%	4.8%
Nova Scotia	62.5%	68.4%
Prince Edward Island	4.4%	2.9%
	100.0%	100.0%

APSEA is no longer providing assessment services as a separate programming component. Therefore, this cost sharing formula is no longer required effective the 2024 year. Previously assessment expenditures were allocated to the provinces based on the five preceding school years:

	2024	2023
New Brunswick	-	29.5%
Newfoundland and Labrador	-	7.3%
Nova Scotia	-	55.6%
Prince Edward Island	-	7.6%
	-	100.0%

Provincial program expenditures are charged directly to the province in which the program is conducted.

Revenue Recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met. Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met. The recoveries of early retirement incentive plan, post-retirement benefits and teachers' sick leave, which are fully funded by the provinces, are included in government grants in the period the related expenses are incurred and are recorded as a receivable.

2. Accounting Policies (continued)

Revenue Recognition (continued)

Investment revenue includes dividends, capital gains and losses, as well as interest on cash balances and fixed income securities. Dividend income is recognized as revenue at the record date and interest income is recognized on an accrual basis. Capital gains or losses on disposal of investments are recorded as realized.

Annuities, bequests and donations are recognized as income in the period received except when and to the extent the annuities, bequests and donations includes stipulations which have not yet been met. Annuities, bequests and donations with stipulations are initially deferred and recognized as revenue as the related stipulations are met.

Other revenues, including rent, parking and audiology are recognized as revenue in the period the service is provided.

Financial Instruments

Cash - Cash includes amounts on deposit with financial institutions.

Cash equivalents - Cash equivalents comprises short-term investments with a term to maturity of three months or less at the date of acquisition.

Restricted cash - Restricted cash includes internally restricted funds held in the trust funds for future investments and expenditures.

Accounts payable, accounts receivable and operating advances - Accounts payable, accounts receivable and operating advances are measured at amortized cost using the effective interest method with gains and losses recognized in the statement of operations in the period the liability is derecognized.

Portfolio investments - Portfolio investments include investments which are publicly traded and quoted in an active market. They are measured at fair value whereby unrealized gains and losses are reported in the statement of remeasurement gains and losses until they are derecognized or impaired, at which time the cumulative gain or loss is transferred to the statement of operations.

Fair value - Fair value is the estimated amount for which a financial instrument could be exchanged between willing parties, based on the current market for instruments with the same risk, principal and remaining maturity. Certain fair value estimates are significantly affected by the assumptions for the amount and timing of estimated cash flows and discount rates, all of which reflect varying degrees of risk. As a result, the fair values may not necessarily be indicative of the amounts that would be realized if these instruments were actually settled. The methods and assumptions used to estimate the fair value of financial instruments are described in the following paragraphs.

2. Accounting Policies (continued)

Financial Instruments (continued)

The fair values of investments in securities which are publicly held and quoted in an active market are based on quoted closing prices.

Due to the short period to maturity, the fair value of cash, accounts receivable, and accounts payable approximate their carrying values as presented in the statement of financial position.

Use of Estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. The most significant estimates used in these financial statements include the useful lives of tangible capital assets and post-employment benefits. Actual results could differ materially from these estimates.

Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized at the following annual rates:

Buildings	40 years straight line
Parking lot	10 years straight line
Equipment	10 years straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to APSEA's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write downs are accounted for as expenses in the statement of operations and are not reversed.

APSEA expenses individual asset purchases below a $10,000 threshold.

Early Retirement Incentive Plan

APSEA participated in the early retirement incentive plan ("ERIP"), offered by the Province of Nova Scotia, from November 1993 to March 1998. The programs offered additional years of pensionable service for those who qualified and elected to retire. The portion of pension payable attributable to this additional service is receivable from the Province and is not paid from the Public Service Superannuation Fund. The accrued benefit obligation is determined by an actuarial assessment, using a discount rate consistent with the rate used to determine the unfunded liability for the Province of Nova Scotia.

2. Accounting Policies (continued)

Post-Retirement Benefits

The liability for post-retirement benefits is accrued over time, as the employees render the services necessary to earn future benefits.

Pension Plan

The employees of APSEA are entitled to receive pension benefits pursuant to the Nova Scotia Public Service Superannuation Act, the New Brunswick Public Service Superannuation Act, the Nova Scotia Teachers' Pension Plan Act or the New Brunswick Teachers' Pension Act. These are multi-employer joint trustee, defined benefit plans. The joint trustee board of the plan determines the required plan contributions annually. The contributions to the plan by APSEA are recorded as an expense for the year.

3. Exposure to Risks Arising from Financial Instruments

APSEA is exposed to credit, liquidity, and market risks through transactions involving financial instruments. The Board of Directors has the overall responsibility for the oversight of these risks and reviews APSEA's policies on an ongoing basis to ensure that these risks are appropriately managed. The following provides helpful information in assessing the extent of APSEA's exposure to these risks:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. APSEA's revenue is derived mainly from the four provincial governments of Atlantic Canada and other entities that do not present a credit risk. Amounts subject to credit risk are nominal and APSEA does not anticipate significant loss for non-performance. Furthermore, credit risk is reduced inherently for APSEA due to the fact that the majority of their receivable balances are with other government entities that will not fail to discharge their obligations.

<u>Liquidity risk</u>
Liquidity risk is the risk that APSEA will encounter difficulty in meeting its financial obligations as they become due. APSEA is exposed to this risk mainly in respect of its accounts payable, which is the only financial liability due within one year. APSEA monitors its cash balance and cash flows generated from operations in order to meet its requirements.

<u>Market Risk</u>
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect APSEA's excess of revenue over expenditures or the value of its financial instruments.

3. Exposure to Risks Arising from Financial Instruments (continued)

(a) Price risk
Price risk refers to the risk that the fair value of the financial instrument will vary as a result of changes in market prices of the financial instrument. Fluctuation in the market price of an instrument may result from perceived changes in the underlying economic characteristics of the investment, the relative price of alternative investments, and general market conditions. Therefore, there is a risk that an amount realized in the subsequent sale of portfolio investments which are quoted in an active market may significantly differ from their reported value.

(b) Interest rate risk
Interest rate risk is the risk that market values of a financial instrument will vary as a result of changes in underlying interest rates. Short and long-term instruments held in trust by APSEA are exposed to interest rate risk. APSEA has minimal exposure to interest rate risk, as substantially all of APSEA's investments subjected to interest are held at fixed rates. The receivables for early retirement incentive plan, post-retirement benefits, and teachers' sick leave are non-interest bearing. However, the fair value of these instruments could fluctuate because of changes in market rates.

(c) Foreign exchange risk
APSEA's functional currency is Canadian dollars and it has limited transactions in foreign currencies, limiting its exposure to foreign exchange risk.

(d) Fair Value
Fair value estimates are made as of the reporting date, using available information about the financial instruments and market conditions. APSEA's only financial instruments measured at fair value are portfolio investments quoted in an active market. These financial instruments are measured using Level 1 inputs, which are quoted prices in active markets for identical financial instruments.

Level 1
Level 1 assets are those valued according to readily observable market prices. These assets can be marked to market and include Treasury Bills, marketable securities, foreign currencies, and gold bullion.

Level 2
These assets and liabilities do not have regular market pricing but can be given a fair value based on quoted prices in inactive markets, or models that have observable inputs, such as interest rates, default rates, and yield curves. An interest rate swap is an example of a Level 2 asset.

3. Exposure to Risks Arising from Financial Instruments (continued)

Level 3
Level 3 is the least marked to market of the categories, with asset values based on models and unobservable inputs. Assumptions from market participants are used when pricing the asset or liability, given there is no readily available market information on them. Level 3 assets are not actively traded, and their values can only be estimated using a combination of complex market prices, mathematical models, and subjective assumptions.

The following fair value hierarchy table presents information about the financial assets measured at fair value on a recurring basis as of March 31. There were no transfers between levels during either year.

Portfolio investments - blind/visually impaired (Note 11)

2023	Level 1	Level 2	Level 3	Total
Equities	5,547,542	-	-	5,547,542
Fixed term	-	4,120,543	-	4,120,543
Total	5,547,542	4,120,543	-	9,668,085

Portfolio investments - deaf/hard of hearing (Note 11)

2023	Level 1	Level 2	Level 3	Total
Equities	3,581,351	-	-	3,581,351
Fixed term	-	2,677,404	-	2,677,404
Total	3,581,351	2,677,404	-	6,258,755

4. Early Retirement Incentive Plan (“ERIP”)

In November 1993, the Province of Nova Scotia announced its intention to implement an ERIP. As an outside agency, APSEA was invited to participate, providing it agreed to pay the province all costs of the plan not covered by the Public Service Superannuation Fund. The Board approved APSEA’s participation in the plan. The plan ceased on March 31, 1998.

The liability of $739,000 (2023 - $779,600) was based on a March 31, 2023 actuarial calculation extrapolated to March 31, 2024. The liability is fully funded by the Provinces, thus an offsetting accounts receivable is recorded. Of the $739,000 receivable from Provinces to fund the liability, $392,642 relates to the Province of Nova Scotia (2023– $425,475), and the remaining $346,358 relates to the other Atlantic Provinces (2023 - $354,125). These amounts are non-interest bearing and will be collected in the year in which the related payments to the plan are made.

4. Early Retirement Incentive Plan ("ERIP") (continued)

The significant actuarial assumptions adopted in measuring the obligation are as follows:

	2024	2023
Discount rate	3.18%	2.96%
Inflation	2.00%	2.00%
Future mortality rate	CPM 2014 Mortality Table [1]	CPM 2014 Mortality Table [1]

[1] Canadian Pensioners' Mortality (CPM) Table with generational projection using improvement scale CPM-B

The accrued liability as a result of the above noted assumptions is:

	2024	2023
ERIP liability, beginning of year	$779,600	$827,200
Fiscal expense	18,900	23,900
Fiscal payments by APSEA	(59,500)	(71,500)
Accrued liability and obligation, end of year	$739,000	$779,600

5. Post-Retirement Benefits

Pension benefits - Employees of APSEA are entitled to receive pension benefits pursuant to the provisions of the Nova Scotia Public Service Superannuation Act, the New Brunswick Public Service Superannuation Act, the Nova Scotia Teachers' Pension Act or the New Brunswick Teachers' Pension Act. The plans are funded by employee and employer contributions, as set out in each plan.

Retirement allowance and post-employment health benefits - APSEA has provided for post-employment benefits other than pensions consisting of post-employment health benefits using the projected benefit method prorated on services.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	2024	2023
Discount rate	3.18%	2.96%
Inflation	2.0%	2.0%
Mortality (post-retirement only)	CPM 2014 Mortality Table [1]	CPM 2014 Mortality Table [1]
Extended health care cost increase[2]	6.5%	6.70%
Retirement age assumption	58 years	58 years
Salary increase	2.0% in 2021	2.0% in 2021
	1.5% in 2022	1.5% in 2022
	3.0% in 2023	3.0% in 2023
	3.5% in 2024	2.5% in 2024
	2.0% per year thereafter	2.0% in 2025 and onward

[1] Canadian Pensioners' Mortality (CPM) Table with generational projection using improvement scale CPM-B

[2] decreasing annually by 0.15% to a rate of 4.0% per year

5. Post-Retirement Benefits (continued)

The accrued benefit liability as a result of the above noted plans and actuarial assumptions is as follows:

	Teachers' Service Awards	Non-Teachers' Post-Retirement Health	2024	2023
Retirement benefit liability, beginning of year	$(2,700)	$2,429,500	$2,426,800	$2,350,100
Adjustment to Teachers' Service Award per actuarial report	2,700	-	2,700	-
Fiscal retirement benefit expenses	-	92,300	92,300	107,700
Fiscal benefit payments by APSEA	-	(31,800)	(31,800)	(31,000)
Accrued benefit liability, end of year	-	2,490,000	2,490,000	2,426,800
Less: unamortized actuarial experience gain (loss)	-	(815,200)	(815,200)	(559,600)
Accrued benefit obligations, end of year	$ -	$1,674,800	$1,674,800	$1,867,200

The liability of $2,490,000 (2023 - $2,426,800, which was comprised of $2,429,500 - Non-Teachers Post- Retirement Health and Teachers' Service Award $(2,700)) is fully funded by the provinces, thus an offsetting account receivable is recorded. Based on current cost sharing formulas, the liability and receivable are divided among the provinces as follows:

	2024	2023
New Brunswick	$708,435	$581,898
Newfoundland and Labrador	229,007	260,851
Nova Scotia	1,469,829	1,506,552
Prince Edward Island	82,729	77,499
	$2,490,000	$2,426,800

Service awards for APSEA employees were frozen when the Province of Nova Scotia proclaimed the Public Services Sustainability Act on August 22, 2017. Service for purposes of the service awards was frozen as at March 31, 2015 for non-teachers and August 31, 2015 for teachers. As was the case in the Province, APSEA non-union staff and members of the Nova Scotia Government and General Employee's Union were able to opt to receive an early payout of their service award. 90% of eligible employees opted for the early payout. As the majority of entitlements under the retirement service awards program have been paid out prior to March 31, 2023, benefits related to these awards will no longer be included in valuations, inclusive of this year.

6. Teachers' Sick Leave

Teachers are entitled to accumulate up to 195 sick days for use over their term of employment.

The significant actuarial assumptions adopted in measuring the obligation are:

	2024	**2023**
Discount rate	3.18%	2.96%
Inflation	2.0%	2.00%
Mortality	No pre-retirement mortality	No pre-retirement mortality
Retirement age	58	58
Salary Increase	2.0% in 2021	2.0% in 2021
	1.5% in 2022	1.5% in 2022
	3.0% in 2023	3.0% in 2023
	3.5% in 2024	2.5% in 2024
	2.0% in 2025 and onward	2.0% in 2025 and onward

The accrued liability as a result of the above noted actuarial assumptions is as follows:

	2024	**2023**
Teachers' sick leave liability, beginning of year	$632,000	$619,900
Fiscal expense	126,800	126,100
Fiscal payments	(114,400)	(114,000)
Accrued teachers' sick leave liability, end of year	644,400	632,000
Unamortized actuarial experience gains (losses)	430,000	126,700
Accrued teachers' sick leave obligation, end of year	$1,074,400	$758,700

The liability of $644,400 (2023 - $632,000) is fully funded by the provinces, thus an offsetting account receivable is recorded. Based on current cost sharing formulas the liability and receivable are divided among the provinces as follows:

	2024	**2023**
New Brunswick	$202,752	$189,826
Newfoundland and Labrador	14,288	11,573
Nova Scotia	389,827	391,030
Prince Edward Island	37,533	39,571
	$644,400	$632,000

7. Accumulated Surplus

Accumulated surplus is comprised of:

	2024	2023
Excess of operating grants over expenditures (Schedule 1)	$11,695,852	$11,610,748
Internally restricted – trust fund blind / visually impaired	9,548,955	8,904,794
Internally restricted – trust fund deaf and hard of hearing	6,224,172	5,807,687
Unrestricted operating fund	(254,419)	(254,419)
Net assets invested in capital assets (net of ARO liability)	3,547,459	4,014,029
Total accumulated surplus	$30,762,019	$30,082,839

8. Government Grants Revenue

	2024	2023
Total payments from provinces	$17,905,962	$18,408,655
Amounts relating to retiree benefits, service awards and an early retirement incentive program	51,535	68,149
Government grants revenue	$17,957,497	$18,476,804

9. Tangible Capital Assets

March 31, 2024

	Land	Buildings	Parking Lot	Equipment	Total
Cost					
Opening balance	$2,324,930	$9,729,956	$105,094	$1,948,741	$14,108,721
Additions (actual)	-	-	-	121,177	121,177
ARO Addition (non cash)	-	-	-	-	
Disposals	-	-	-	-	-
Closing balance	2,324,930	9,729,956	105,094	2,069,918	14,229,898
Accumulated amortization					
Opening balance	-	9,165,481	105,094	338,922	9,609,497
Amortization	-	261,560	-	316,907	578,467
Disposals	-	-	-	-	-
Closing balance	-	9,427,041	105,094	655,829	10,187,964
Net book value	$2,324,930	$302,915	$ -	$1,414,089	$4,041,934

9. Tangible Capital Assets (continued)

March 31, 2023

	Land	Buildings	Parking Lot	Equipment	Total
Cost					
Opening balance	$2,324,930	$9,729,956	$105,094	$710,124	$12,870,104
Additions (actual)	-	-	-	753,422	753,422
ARO Addition (non cash)	-	-	-	485,195	485,195
Disposals	-	-	-	-	-
Closing balance	2,324,930	9,729,956	105,094	1,948,741	14,108,721
Accumulated amortization					
Opening balance	-	8,903,921	105,094	238,426	9,247,441
Amortization	-	261,560	-	100,496	362,056
Disposals	-	-	-	-	-
Closing balance	-	9,165,481	105,094	338,922	9,609,497
Net book value	$2,324,930	$564,475	$ -	$1,609,819	$4,499,224

10. Operating Expenses by Object

	2024	2023
Salaries and benefits	$15,845,259	$14,885,442
Travel	607,810	511,604
Amortization	578,467	362,056
Support services and operating supplies	532,786	337,675
Equipment	493,941	392,523
Professional services	272,597	361,168
Maintenance (building, property, vehicle)	236,364	239,100
Audiology	219,582	344,952
Professional development	193,543	156,303
Utilities	184,080	232,252
Insurance	109,211	68,695
Other	108,966	125,927
Security	84,101	97,349
Telephone	57,759	55,756
Bank and payroll fees	26,349	29,270
Early retirement incentive plan	18,900	23,900
Student transportation	9,079	1,030
	$19,578,794	$18,225,002

11. Trust Funds

These financial statements include trust funds for students who are blind or visually impaired and for students who are deaf or hard of hearing. The assets, liabilities, revenues, and expenditures are summarized below.

	Trust Funds - Blind/Visually Impaired		Trust Funds - Deaf/Hard of Hearing	
	2024	2023	2024	2023
Revenue				
Donations	125	14,875	100	-
Transfer from other trust	-	-	-	10,871
Investment Income	290,121	243,747	175,838	238,028
Gain on sale of investments	144,234	198,161	13,982	2,241,542
Unrealized capital gain (loss)	508,856	(658,594)	407,330	(2,987,752)
Transfer in from other APSEA Trust Funds	-	11,460	12,023	-
	943,336	(190,351)	609,273	(497,311)
Expenditures				
Fees	51,982	67,785	33,848	33,226
Incentive awards	-	-	2,000	1,000
Teacher education grants	1,500	-	-	-
Student prizes	4,750	9,260	2,350	2,250
Professional development	2,316	-	4,167	2,600
Recreational, social, cultural	48,802	45,692	101,000	105,992
Scholarships	3,000	21,000	37,400	35,000
Student technology	6,825	7,895	-	-
Transfer to other trust	-	-	-	10,871
Transfer out to other APSEA Trust Funds		14,962	12,023	-
	119,175	166,594	192,788	190,939
Transfer to APSEA operating account to fund equipment purchases	180,000	185,000	-	-
Excess of Revenues over Expenditures	644,161	(541,945)	416,485	(688,250)
Transfers Between Accounts (net)	-	791	-	(76)
Fund Balance beginning of year	8,904,794	9,445,948	5,807,687	6,496,013
Fund Balance end of year	9,548,955	8,904,794	6,224,172	5,807,687
Assets				
Cash	128,062	303,362	112,334	155,454
Investments	9,668,085	9,112,769	6,258,755	5,801,489
	9,796,147	9,416,131	6,371,089	5,956,943
Liabilities	247,192	511,337	146,917	149,256
Fund Balance End of Year	9,548,955	8,904,794	6,224,172	5,807,687

12. Commitments

APSEA has commitments for photocopier leases that expire at various dates up to January 13, 2026. The annual commitment is indicated below:

2024	11,269
2025	10,269
2026	4,496

13. Contingent Liabilities

APSEA has been named as a co-defendant in a Class Action lawsuit; however, the probable outcome, including the likelihood of the confirming future event, cannot be reasonably predicted, and therefore no liability has been recognized on the statement of financial position. Any potential settlement resulting from the resolution of these claims will only be recognized as a charge to the statement of operations if and when the confirming future event becomes likely, and the amount can reasonably be estimated.

14. Asset Retirement Obligation

APSEA's asset retirement obligation consists of the liability associated with decommissioning and remediation of contaminants present within properties held. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. Following the adoption of PS 3280 – Asset retirement obligation relating to this decommissioning and remediation of the contaminants as estimated as at April 1, 2022 under a modified retrospective application approach. These properties have expected useful lives of 40 years with remaining lives of between 0 and 5 years. The value of the asset and obligation were projected forward to the assumed end of useful life using an assumed CPI annual rate of 3%, and then discounted to present values using a discount rate of 5%. The tangible capital asset will be amortized over the expected remaining useful life on a straight-line basis.

	2024	**2023**
Opening balance	$485,195	$ -
Liability upon adoption	-	485,195
Accretion expense	9,280	-
	$494,475	$485,195

15. Comparative Figures

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted for the current fiscal year.

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Schedule 1
Accumulated Excess of Operating Grants over Expenditures
For the Year Ended March 31, 2024

	Nova Scotia	New Brunswick	Newfoundland and Labrador	Prince Edward Island	2024 Total	2023 Total
Accumulated excess of operating grants over expenditures, beginning of year	$3,062,971	$7,262,520	$284,527	$1,000,730	$11,610,748	$10,674,440
Add: payments received	10,683,989	5,383,600	860,231	978,142	17,905,962	18,408,654
Add/Subtract: post-retirement benefits	40,944	5,617	4,223	751	51,535	68,150
	10,724,933	5,389,217	864,454	978,893	17,957,497	18,476,804
Deduct: expenditures						
Administration and consultation (4 provinces)	1,639,892	1,313,545	864,818	261,077	4,079,332	3,321,751
Administration and consultation (3 provinces)	342,423	273,402	-	54,278	670,103	729,249
Assessment services	-	-	-	-	-	185,469
Atlantic provincial connections	1,218,864	493,396	152,114	85,808	1,950,182	1,324,223
Provincial programs	7,327,361	3,420,587	-	478,032	11,225,980	11,376,768
ERIP	-	17,655	6,640	3,569	27,864	32,456
Amortization	(32,590)	(26,104)	(17,186)	(5,188)	(81,068)	570,580
Total deductions	10,495,950	5,492,481	1,006,386	877,576	17,872,393	17,540,496
Accumulated excess of operating grants over expenditures, end of year	**$3,291,954**	**$7,159,256**	**$142,595**	**$1,102,047**	**$11,695,852**	**$11,610,748**