

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2025

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Financial Statements

For the Year Ended March 31, 2025

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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, Doane 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:

Signed by:

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Superintendent
Atlantic Provinces Special Education
Authority

Signed by:

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Director of Finance and Administration
Atlantic Provinces Special Education
Authority

Independent auditor's report

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To the Board of Directors of Atlantic Provinces Special Education Authority

Opinion

We have audited the financial statements of Atlantic Provinces Special Education Authority (the Entity), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated surplus, changes in remeasurement gains and losses, net financial assets, and cash flows 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 the Entity as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter – restated comparative information

We draw attention to Note 16 which describes that certain comparative information for the year ended March 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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 qualified audit opinion.

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.

Doane Grant Thornton LLP

Halifax, Canada
October 1, 2025

Chartered Professional Accountants

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Financial Position

As at March 31, 2025

	2025	2024
		Restated (Note 16)
Financial Assets		
Cash and cash equivalents	\$8,673,494	\$11,693,819
Restricted cash	181,725	240,396
Accounts receivable	611,236	84,295
Receivable for early retirement incentive plan (Note 4)	692,900	739,000
Receivable for post-retirement benefits (Note 5)	2,516,400	2,490,000
Receivable for teachers' sick leave (Note 6)	693,700	644,400
Portfolio investments - blind/visually impaired (Note 11)	10,476,534	9,668,085
Portfolio investments - deaf/hard of hearing (Note 11)	6,812,896	6,258,755
	<u>30,658,885</u>	<u>31,818,750</u>
Liabilities		
Accounts payable	1,113,648	730,790
Public Service early retirement incentive plan (Note 4)	692,900	739,000
Post-retirement benefits (Note 5)	2,516,400	2,490,000
Teachers' sick leave (Note 6)	693,700	644,400
Asset retirement obligation (Note 14)	528,330	494,475
Due to Provinces (Note 15)	8,982,240	11,695,852
	<u>14,527,218</u>	<u>16,794,517</u>
Net financial assets	<u>16,131,667</u>	<u>15,024,233</u>
Non-financial assets		
Tangible capital assets (Note 9 and Note 14)	<u>3,580,547</u>	<u>4,041,934</u>
Accumulated surplus (Note 7)	<u>19,712,214</u>	<u>19,066,167</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	17,517,429	17,273,761
Accumulated remeasurement gains	2,194,785	1,792,406
	<u>\$19,712,214</u>	<u>\$19,066,167</u>
Commitments (Note 12)		
Contingent Liabilities (Note 13)		

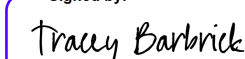
APPROVED ON BEHALF OF THE BOARD

Signed by:



Member

Signed by:



Member

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Operations and Accumulated Surplus For the Year Ended March 31, 2025

	2025 Budget	2025 Actual	2024 Actual Restated (Note 16)
REVENUES			
Government grants (Note 8)	\$19,267,224	\$19,274,667	\$19,048,970
Other Income			
Shared by four provinces	250,000	464,764	627,169
Shared by three provinces	244,000	246,120	215,990
Centre-based	264,459	474,384	212,670
Investment income	-	1,402,756	636,423
	758,459	2,588,024	1,692,252
	20,025,683	21,862,691	20,741,222
EXPENDITURES			
Administration and consultation (shared by four provinces)			
Administration	871,020	959,165	858,524
Programs - blind/visually impaired	244,892	228,687	229,665
Human resources and Accessibility services	875,070	850,135	707,174
Support services	2,748,068	2,686,447	2,678,323
Autism in education	184,646	170,940	232,817
	4,923,696	4,895,374	4,706,503
Administration and consultation (shared by three provinces)			
Programs - deaf/hard of hearing	244,376	227,594	201,632
Audiology	528,668	466,888	458,152
Support services	227,202	211,833	226,310
	1,000,246	906,315	886,094
Atlantic Provincial Connections	1,992,642	1,762,053	1,448,886
Office Rent	-	246,669	-
Property and buildings	770,225	629,842	713,962
Provincial programs			
New Brunswick - deaf/hard of hearing	2,870,352	2,820,690	2,548,283
New Brunswick - blind/visually impaired	918,320	954,379	872,305
	3,788,672	3,775,069	3,420,588
Nova Scotia - deaf/hard of hearing	5,118,857	5,300,986	4,910,154
Nova Scotia - blind/visually impaired	2,170,919	2,349,788	2,417,208
	7,289,776	7,650,774	7,327,362
Prince Edward Island - blind/visually impaired	521,917	550,865	478,032
Total program expenses	20,287,174	20,416,961	18,981,427
Early retirement incentive plan (Note 4)	28,509	6,300	18,900
Amortization of tangible capital assets (Note 9)	502,000	461,387	578,467
Total expenses before trust fund expenditures (Note 10)	20,817,683	20,884,647	19,578,794
Trust fund expenditures - blind/visually impaired (Note 11)	-	118,769	119,175
Trust fund expenditures - deaf/hard of hearing (Note 11)	-	294,209	192,788
Total expenses	20,817,683	21,297,625	19,890,757
Annual surplus	(792,000)	565,065	850,465
Attributable to the Provinces (Note 15)	-	321,397	1,176,577
Net surplus (deficit)	(792,000)	243,668	(326,112)
Accumulated operating surplus, beginning of year	17,273,761	17,273,761	17,599,873
Accumulated operating surplus, end of year	\$16,481,761	\$17,517,429	\$17,273,761

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Remeasurement Gains and Losses For the Year Ended March 31, 2025

	<u>2025</u>	<u>2024</u>
		Restated (Note 16)
Accumulated remeasurement gains, beginning of year	<u>\$1,792,406</u>	<u>\$872,218</u>
Remeasurement (losses) gains on portfolio investments quoted in an active market	(289,068)	761,972
Realized gains on portfolio investments quoted in an active market recognized in investment income	<u>691,447</u>	<u>158,216</u>
Net remeasurement gain for the year	<u>402,379</u>	<u>920,188</u>
Accumulated remeasurement gains, end of year	<u><u>\$2,194,785</u></u>	<u><u>\$1,792,406</u></u>

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Statement of Changes in Net Financial Assets For the Year Ended March 31, 2025

	<u>2025 Budget</u>	<u>2025 Actual</u>	<u>2024 Actual</u>
			Restated (Note 16)
Annual surplus (deficit)	\$(792,000)	\$243,668	\$(326,112)
Acquisition of tangible capital assets	-	-	(121,177)
Amortization of tangible capital assets	502,000	461,387	578,467
	(290,000)	705,055	131,178
Remeasurement gains	-	402,379	920,188
(Decrease) increase in net financial assets	(290,000)	1,107,434	1,051,366
Net financial assets, beginning of year	15,024,233	15,024,233	13,972,867
Net financial assets, end of year	<u>\$14,734,233</u>	<u>\$16,131,667</u>	<u>\$15,024,233</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Statement of Cash Flows For the Year Ended March 31, 2025

	2025	2024
		Restated (Note 16)
Cash flows from operating activities		
Annual deficit	\$243,668	\$(326,112)
Realized gain from sale of Investments	(1,108,998)	(461,116)
Amortization of tangible capital assets	495,243	587,746
	(370,087)	(199,842)
Changes in non-cash working capital		
Changes in accounts receivable	(526,941)	59,894
Changes in accounts payable	382,858	13,477
	(144,083)	73,371
Net cash used in operating activities	(514,170)	(126,111)
Cash used in capital activity		
Purchase of tangible capital assets	-	(121,177)
Cash used in investing activities		
Proceeds of sale of investments	6,052,753	4,752,042
Purchase of investments	(5,903,969)	(4,383,320)
Net cash from investing activities	148,784	368,722
Cash used in financing activity		
Net (repayments to) advances from Provinces	(2,713,610)	85,104
(Decrease) increase in cash and cash equivalents	(3,078,996)	206,538
Cash and cash equivalents, beginning of year	11,934,215	11,727,677
Cash and cash equivalents, end of year	\$8,855,219	\$11,934,215
Cash and cash equivalents is comprised of:		
Cash and cash equivalents:		
Cash	\$8,673,494	\$11,693,819
Restricted cash (Note 11)		
Internally restricted - blind/visually impaired trust fund	107,399	128,062
Internally restricted - deaf/hard of hearing trust fund	74,326	112,334
	181,725	240,396
	\$8,855,219	\$11,934,215

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

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") under the control of APSEA.

Cost Sharing

Pursuant to the APSEA 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:

	2025	2024
New Brunswick	32.2%	32.2%
Newfoundland and Labrador	21.2%	21.2%
Nova Scotia	40.2%	40.2%
Prince Edward Island	<u>6.4%</u>	<u>6.4%</u>
	<u>100.0%</u>	<u>100.0%</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

2. Accounting Policies (continued)

Cost Sharing (continued)

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

	2025	2024
New Brunswick	40.8%	40.8%
Nova Scotia	51.1%	51.1%
Prince Edward Island	8.1%	8.1%
	<u>100.0%</u>	<u>100.0%</u>

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 Atlantic Provincial Connections programming and building maintenance will be changed over a period of five years to align with the population approach. The 2024-2025 fiscal year is the second year of this transition:

	2025	2024
New Brunswick	27.20%	25.3%
Newfoundland and Labrador	11.03%	7.8%
Nova Scotia	57.14%	62.5%
Prince Edward Island	4.63%	4.4%
	<u>100.0%</u>	<u>100.0%</u>

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

Land and building

Pursuant to Clause 11 of the APSEA agreement and amendments thereto, the land and building recorded by APSEA is held in trust by the Province of Nova Scotia for the beneficial interest of APSEA and its partners on a proportional basis.

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.

Notes to the Financial Statements
For the Year Ended March 31, 2025

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 and audiology are recognized as revenue in the period the service is provided.

Financial Instruments

Cash - Cash includes petty cash and 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.

Notes to the Financial Statements
For the Year Ended March 31, 2025

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.

**Notes to the Financial Statements
For the Year Ended March 31, 2025**

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 Nova Scotia Teachers' Pension Plan Act, the New Brunswick Teachers' Pension Act, or the New Brunswick Public Service Superannuation 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:

Credit risk

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 receivables are with other government entities that will not fail to discharge their obligations.

Liquidity risk

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 contractually due within one year. The due to Provinces are due on demand at the discretion of the Provinces but where the Provinces are committed to funding the operations of APSEA, there is minimal to no risk that the amounts due to the Provinces would cause a liquidity issue. APSEA monitors its cash balance and cash flows generated from operations in order to meet its requirements.

Market Risk

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.

Notes to the Financial Statements
For the Year Ended March 31, 2025

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.

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.

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

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 \$692,900 (2024 - \$739,000) was based on a March 31, 2023 actuarial calculation extrapolated to March 31, 2025. The liability is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Of the \$692,900 receivable from Provinces to fund the liability, \$358,928 relates to the Province of Nova Scotia (2024 - \$392,642), and the remaining \$333,972 relates to the other Atlantic Provinces (2024 - \$346,358). These amounts are non-interest bearing and will be collected in the year in which the related payments to the plan are made.

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

	2025	2024
Discount rate	3.67%	3.18%
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:

	2025	2024
ERIP liability, beginning of year	\$739,000	\$779,600
Fiscal expense	6,300	18,900
Fiscal payments by APSEA	<u>(52,400)</u>	<u>(59,500)</u>
Accrued liability and obligation, end of year	<u>\$692,900</u>	<u>\$739,000</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

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 Pension Plan, 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:

	2025	2024
Discount rate	3.67%	3.18%
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	6.7%	6.85%
Retirement age assumption	58 years	58 years
Salary increase	3.0% in 2023 3.5% in 2024 2.0% per year thereafter	2.0% in 2021 1.5% in 2022 3.0% in 2023 2.5% in 2024 2.0% per year thereafter

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

² decreasing annually by 0.15% to an ultimate rate of 4.0% per year

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	2025	2024
Retirement benefit liability, beginning of year	\$ -	\$2,490,000	\$2,490,000	\$2,426,800
Adjustment to Teachers' Service Award per actuarial report	-	-	-	2,700
Fiscal retirement benefit expenses	-	61,900	61,900	92,300
Fiscal benefit payments by APSEA	-	(35,500)	(35,500)	(31,800)
Accrued benefit liability, end of year	-	2,516,400	2,516,400	2,490,000
Less: unamortized actuarial experience gain (loss)	-	(916,700)	(916,700)	(815,200)
Accrued benefit obligations, end of year	\$ -	\$1,599,700	\$1,599,700	\$1,674,800

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

5. Post-Retirement Benefits (continued)

The liability of \$2,516,400 (2024 - \$2,490,000) 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:

	2025	2024
New Brunswick	\$767,588	\$708,435
Newfoundland and Labrador	214,864	229,007
Nova Scotia	1,456,590	1,469,829
Prince Edward Island	<u>77,358</u>	<u>82,729</u>
	<u>\$2,516,400</u>	<u>\$2,490,000</u>

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:

	2025	2024
Discount rate	3.67%	3.18%
Inflation	2.0%	2.0%
Mortality	No pre-retirement mortality	No pre-retirement mortality
Retirement age	58	58
Salary Increase	3.0% in 2023	2.0% in 2021
	3.5% in 2024	1.5% in 2022
	2.0% per year thereafter	3.0% in 2023
		2.5% in 2024
		2.0% per year thereafter

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Notes to the Financial Statements For the Year Ended March 31, 2025

6. Teachers' Sick Leave (continued)

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

	2025	2024
Teachers' sick leave liability, beginning of year	\$644,400	\$632,000
Fiscal expense	190,000	126,800
Fiscal payments	(140,700)	(114,400)
Accrued teachers' sick leave liability, end of year	693,700	644,400
Unamortized actuarial experience gains (losses)	363,300	430,000
Accrued teachers' sick leave obligation, end of year	<u>\$1,057,000</u>	<u>\$1,074,400</u>

The liability of \$693,700 (2024 - \$644,400) 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:

	2025	2024
New Brunswick	\$219,065	\$202,752
Newfoundland and Labrador	18,181	14,288
Nova Scotia	412,618	389,827
Prince Edward Island	<u>43,836</u>	<u>37,533</u>
	<u>\$693,700</u>	<u>\$644,400</u>

7. Accumulated Surplus

Accumulated surplus is comprised of:

	2025	2024
		Restated (Note 16)
Internally restricted – trust fund BVI	\$10,321,585	\$9,548,955
Internally restricted – trust fund DHH	6,549,696	6,224,172
Unrestricted operating fund	(254,419)	(254,419)
Net assets invested in capital assets (net of ARO liability)	<u>3,095,352</u>	<u>3,547,459</u>
Total accumulated surplus	<u>\$19,712,214</u>	<u>\$19,066,167</u>

8. Government Grants Revenue

	2025	2024
		Restated (Note 16)
Total operating grants from provinces	\$19,267,223	\$18,997,435
Amounts relating to retiree benefits and early retirement incentive program	<u>7,444</u>	<u>51,535</u>
Government grants revenue	<u>\$19,274,667</u>	<u>\$19,048,970</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

9. Tangible Capital Assets

March 31, 2025

	Land	Buildings	Parking Lot	Equipment	Asset Retirement Obligation	Total
<u>Cost</u>						
Opening balance	\$2,324,930	\$9,729,956	\$105,094	\$1,584,723	\$485,195	\$14,229,898
Additions (actual)	-	-	-	-	-	-
ARO Addition (non cash)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing balance	<u>2,324,930</u>	<u>9,729,956</u>	<u>105,094</u>	<u>1,584,723</u>	<u>485,195</u>	<u>14,229,898</u>
<u>Accumulated amortization</u>						
Opening balance	-	9,427,041	105,094	470,239	185,590	10,187,964
Amortization	-	261,560	-	139,906	59,921	461,387
Disposals	-	-	-	-	-	-
Closing balance	-	<u>9,688,601</u>	<u>105,094</u>	<u>610,145</u>	<u>245,511</u>	<u>10,649,351</u>
Net book value	<u>\$2,324,930</u>	<u>\$41,355</u>	<u>\$ -</u>	<u>\$974,578</u>	<u>\$239,684</u>	<u>\$3,580,547</u>

March 31, 2024

	Land	Buildings	Parking Lot	Equipment	Asset Retirement Obligation	Total
<u>Cost</u>						
Opening balance	\$2,324,930	\$9,729,956	\$105,094	\$1,463,546	\$ -	\$13,623,526
Additions (actual)	-	-	-	121,177	-	121,177
ARO Addition (non cash)	-	-	-	-	485,195	485,195
Disposals	-	-	-	-	-	-
Closing balance	<u>2,324,930</u>	<u>9,729,956</u>	<u>105,094</u>	<u>1,584,723</u>	<u>485,195</u>	<u>14,229,898</u>
<u>Accumulated amortization</u>						
Opening balance	-	9,165,481	105,094	338,922	-	9,609,497
Amortization	-	261,560	-	131,318	185,590	578,467
Disposals	-	-	-	-	-	-
Closing balance	-	<u>9,427,041</u>	<u>105,094</u>	<u>470,240</u>	<u>185,590</u>	<u>10,187,964</u>
Net book value	<u>\$2,324,930</u>	<u>\$302,915</u>	<u>\$ -</u>	<u>\$1,114,483</u>	<u>\$299,605</u>	<u>\$4,041,934</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

10. Operating Expenses by Object

	2025	2024
Salaries and benefits	\$17,342,296	\$15,845,259
Travel	574,884	607,810
Equipment	462,755	493,941
Amortization	461,387	578,467
Professional services	353,802	272,597
Office rent	246,669	-
Audiology	240,292	219,582
Support services and operating supplies	422,398	532,786
Maintenance (building, property, vehicle)	174,218	236,364
Utilities	199,935	184,080
Professional development	89,972	193,543
Other	69,329	108,966
Security	58,322	84,101
Insurance	77,418	109,211
Telephone	59,093	57,759
Bank and payroll fees	31,588	26,349
Early retirement incentive plan	6,300	18,900
Student transportation	13,987	9,089
	<u>\$20,884,647</u>	<u>\$19,578,794</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

11. Trust Funds

These financial statements include several trust funds relating to those who are blind or visually impaired and trust funds relating to those 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	
	2025	2024	2025	2024
Revenue				
Donations	\$25	\$125	\$25	\$100
Investment Income	431,177	290,121	270,114	175,838
Gain on sale of investments	449,873	144,234	241,574	13,982
Unrealized capital gain	210,323	508,856	188,054	407,330
Transfer in from other APSEA Trust Funds	-	-	9,967	12,023
	<u>1,091,398</u>	<u>943,336</u>	<u>709,734</u>	<u>609,273</u>
Expenditures				
Fees	56,420	51,982	36,717	33,848
Incentive awards	-	-	3,000	2,000
Teacher education grants	1,500	1,500	-	-
Student prizes	7,525	4,750	3,275	2,350
Professional development	7,535	2,316	8,000	4,167
Recreational, social, cultural	27,390	48,802	203,251	101,000
Scholarships	-	3,000	30,000	37,400
Student technology	18,400	6,825	-	-
Transfer out to other APSEA Trust Funds	-	-	9,967	12,023
	<u>118,770</u>	<u>119,175</u>	<u>294,210</u>	<u>192,788</u>
Transfer to APSEA operating account to fund equipment purchases	200,000	180,000	90,000	-
Excess of Revenues over Expenditures	772,628	644,161	325,524	416,485
Fund Balance beginning of year	<u>9,548,955</u>	<u>8,904,794</u>	<u>6,224,172</u>	<u>5,807,687</u>
Fund Balance end of year	<u><u>\$10,321,583</u></u>	<u><u>\$9,548,955</u></u>	<u><u>\$6,549,696</u></u>	<u><u>\$6,224,172</u></u>
Assets				
Cash	\$107,399	\$128,062	\$74,326	\$112,334
Investments	10,476,534	9,668,085	6,812,896	6,258,755
	<u>10,583,933</u>	<u>9,796,147</u>	<u>6,887,222</u>	<u>6,371,089</u>
Liabilities	<u>262,350</u>	<u>247,192</u>	<u>337,526</u>	<u>146,917</u>
Fund Balance End of Year	<u><u>\$10,321,583</u></u>	<u><u>\$9,548,955</u></u>	<u><u>\$6,549,696</u></u>	<u><u>\$6,224,172</u></u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

12. Commitments

APSEA has commitments for leases related to rental space and photocopiers that expire at various dates through November 2034. The annual commitment is indicated below:

2026	\$599,062
2027	609,205
2028	624,040
2029	639,616
2030	656,020

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.

Subsequent to year end, a proposed settlement was reached in the class action lawsuit; however, the matter requires Supreme Court of Nova Scotia approval. If approved, the maximum exposure to APSEA and ultimate allocation of the total settlement owing between the Province of Nova Scotia, APSEA and their insurers remains uncertain.

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 PS3280 – 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.

	2025	2024
Opening balance	\$494,475	\$485,195
Accretion expense	18,875	9,280
Adjustment for prior year	14,980	-
	<u>\$528,330</u>	<u>\$494,475</u>

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

15. Due to Provinces

	Nova Scotia	New Brunswick	Newfoundland and Labrador	Prince Edward Island	2025 Total	2024 Total
Payable to Provinces, beginning of year	\$3,291,954	\$7,159,256	\$142,595	\$1,102,047	\$11,695,852	\$11,610,748
Add: government operating grants (Note 8)	10,866,054	6,206,066	1,212,474	982,629	19,267,223	18,997,435
Less: overpayments returned to Provinces	(267,054)	(1,789,814)	-	(978,142)	(3,035,010)	(1,091,473)
Add/Subtract: post-retirement benefits	16,164	(5,284)	(2,522)	(914)	7,444	51,535
	<u>10,615,164</u>	<u>4,410,968</u>	<u>1,209,952</u>	<u>3,573</u>	<u>16,239,657</u>	<u>17,957,497</u>
Deduct: expenditures						
Administration and consultation (4 provinces)	1,781,105	1,426,656	939,289	283,559	4,430,609	4,079,332
Administration and consultation (3 provinces)	337,358	269,359	-	53,476	660,193	670,104
Atlantic provincial connections	1,236,613	588,657	238,709	100,202	2,164,181	1,950,181
Provincial programs	7,650,774	3,775,069	-	550,865	11,976,708	11,225,980
ERIP	-	15,091	7,465	2,721	25,277	27,864
Amortization	(122,087)	(97,791)	(64,384)	(19,437)	(303,699)	(81,068)
Total deductions	<u>10,883,763</u>	<u>5,977,041</u>	<u>1,121,079</u>	<u>971,386</u>	<u>18,953,269</u>	<u>17,872,393</u>
Payable to Provinces, end of year	<u>\$3,023,355</u>	<u>\$5,593,183</u>	<u>\$231,468</u>	<u>\$134,234</u>	<u>\$8,982,240</u>	<u>\$11,695,852</u>

Amounts due to / from the provinces represent the total cumulative over (or under) contribution by province. The over (or under) contribution by province is determined for each individual province as the total annual operating grant plus the province's share of other income (as applicable) net of the shared program expenditures as determined by the cost sharing agreement (Note 2). Each province has the ability to use their net balance to reduce future payments owing to APSEA or to request a withdrawal of some (or all) of their over-contribution balance. If, at any point, the balance for a province or provinces is in an under-funded position, this is a receivable (due from) that province to fund the shortfall.

ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY

Notes to the Financial Statements For the Year Ended March 31, 2025

16. Restatement of comparative information

During the year, management determined that the due/to from provinces was erroneously included in the accumulated surplus when it met the requirements to be recognized as a liability for amounts owing to the provinces for historical surpluses from the operating grants received. Also, reductions in operating grant payments from the Provinces in lieu of repayments were recorded on a net basis against government grant revenue instead of being applied against the amounts owed (due to provinces). As a result of the corrections, the following financial statement line items as at March 31, 2024 have been increased (decreased) as follows:

March 31, 2024	As previously reported	Impact of restatement	Restated
<i>Statement of financial position</i>			
Due to provinces	\$ -	\$11,695,852	\$11,695,852
Net financial assets	26,720,085	(11,695,852)	15,024,233
Accumulated surplus	\$30,762,019	\$(11,695,852)	\$19,066,167
<i>Statement of operations and accumulated surplus</i>			
Government grants	\$17,957,497	\$1,091,473	\$19,048,970
Annual surplus (deficit)	(241,008)	1,091,473	850,465
Attributable to the Provinces	-	1,176,577	1,176,577
Net surplus (deficit)	\$(241,008)	\$(85,104)	\$(326,112)