
**ATLANTIC PROVINCES SPECIAL EDUCATION AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2020**

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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, Deloitte 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 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 Atlantic Provinces Special Education Authority ("APSEA"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, remeasurement gains and losses, changes 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APSEA as at March 31, 2020, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 APSEA 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.

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 PSAS, 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 APSEA'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 APSEA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing APSEA'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 GAAS 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 GAAS, 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 APSEA'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 APSEA'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 APSEA 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.


Deloitte LLP

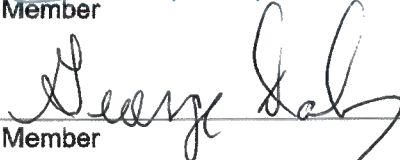
Chartered Professional Accountants
Halifax, Nova Scotia
December 1, 2020

Atlantic Provinces Special Education Authority
Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 10,756,015	\$ 13,937,277
Restricted cash	1,026,834	617,238
Accounts receivable	4,720,864	686,474
Receivables for early retirement incentive plan (Note 4)	945,200	1,001,600
Receivables for post-retirement benefits (Note 5)	2,312,200	2,432,400
Receivables for teachers' sick leave (Note 6)	582,600	567,900
Portfolio investments - blind/visually impaired	7,500,896	8,101,332
Portfolio investments - deaf/hard of hearing	4,359,891	4,898,060
	<u>32,204,500</u>	<u>32,242,281</u>
Liabilities		
Accounts payable	1,015,363	643,797
Public Service early retirement incentive plan (Note 4)	945,200	1,001,600
Post-retirement benefits (Note 5)	2,312,200	2,432,400
Teachers' sick leave (Note 6)	582,600	567,900
Operating advances (Note 7)	480,000	830,000
	<u>5,335,363</u>	<u>5,475,697</u>
Net financial assets	<u>26,869,137</u>	<u>26,766,584</u>
Non-financial assets		
Tangible capital assets (Note 10)	<u>3,827,933</u>	<u>4,061,356</u>
Accumulated surplus (Note 8)	<u>30,697,070</u>	<u>30,827,940</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	28,398,032	27,181,372
Accumulated remeasurement gains	2,299,038	3,646,568
	<u>\$ 30,697,070</u>	<u>\$ 30,827,940</u>
Commitments (Note 13)		
Contingent Liabilities (Note 14)		

APPROVED ON BEHALF OF THE BOARD


 Member


 Member

Atlantic Provinces Special Education Authority
Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2020

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
REVENUES			
Government grants (Note 9)	\$ 17,985,603	\$ 17,658,920	\$ 17,246,369
Other Income			
Shared by four provinces	50,000	230,496	247,775
Shared by three provinces	255,000	230,782	221,252
New Brunswick	-	18,805	6,800
Centre-based programs	340,000	334,494	348,322
Annuities, bequests and donations	-	8,350	8,420
Investment income	-	646,392	609,102
Other	-	22,925	15,816
	<u>645,000</u>	<u>1,492,244</u>	<u>1,457,487</u>
	<u>18,630,603</u>	<u>19,151,164</u>	<u>18,703,856</u>
EXPENDITURES			
Administration and consultation (shared by four provinces)			
Administration	844,484	954,752	696,948
Programs - blind/visually impaired	260,941	189,215	187,607
Resource services	1,622,680	1,708,685	1,539,656
Autism in education	<u>181,479</u>	<u>190,793</u>	<u>155,971</u>
	<u>2,909,584</u>	<u>3,043,445</u>	<u>2,580,182</u>
Administration and consultation (shared by three provinces)			
Programs - deaf/hard of hearing	262,101	208,098	208,688
Audiology	551,016	500,296	482,861
Resource services	<u>80,372</u>	<u>84,000</u>	<u>83,542</u>
	<u>893,489</u>	<u>792,394</u>	<u>775,091</u>
Assessment services	<u>817,639</u>	<u>723,990</u>	<u>753,739</u>
Centre-based programs			
Short term programs	914,453	779,879	719,943
Residence	674,545	610,037	599,667
Property and buildings	933,250	961,392	887,016
Food services	<u>179,000</u>	<u>129,667</u>	<u>154,529</u>
	<u>2,701,248</u>	<u>2,480,975</u>	<u>2,361,155</u>
Provincial programs			
New Brunswick - deaf/hard of hearing	2,763,733	2,295,236	2,311,769
New Brunswick - blind/visually impaired	<u>1,417,840</u>	<u>1,397,132</u>	<u>1,412,937</u>
	<u>4,181,573</u>	<u>3,692,368</u>	<u>3,724,706</u>
Nova Scotia - deaf/hard of hearing	4,056,682	3,685,912	3,706,366
Nova Scotia - blind/visually impaired	<u>2,523,255</u>	<u>2,453,462</u>	<u>2,526,850</u>
	<u>6,579,937</u>	<u>6,139,374</u>	<u>6,233,216</u>
Newfoundland and Labrador - blind/visually impaired	<u>106,179</u>	<u>105,486</u>	<u>101,805</u>
Prince Edward Island - blind/visually impaired	<u>540,119</u>	<u>408,057</u>	<u>490,804</u>
Total program expenses	<u>18,729,768</u>	<u>17,386,089</u>	<u>17,020,698</u>
Early retirement incentive plan (Note 4)	40,835	36,200	37,800
Amortization of tangible capital assets (Note 10)	<u>284,000</u>	<u>288,022</u>	<u>285,292</u>
Total expenses before trust fund expenditures (Note 11)	<u>19,054,603</u>	<u>17,710,311</u>	<u>17,343,790</u>
Trust fund expenditures - blind/visually impaired (Note 12)	-	135,353	131,080
Trust fund expenditures - deaf/hard of hearing (Note 12)	-	<u>88,840</u>	<u>73,646</u>
Total expenses	<u>19,054,603</u>	<u>17,934,504</u>	<u>17,548,516</u>
Annual surplus (deficit)	<u>(424,000)</u>	<u>\$ 1,216,660</u>	<u>\$ 1,155,340</u>
Accumulated operating surplus, beginning of year	<u>27,181,372</u>	<u>27,181,372</u>	<u>26,026,032</u>
Accumulated operating surplus, end of year	<u>\$ 26,757,372</u>	<u>\$ 28,398,032</u>	<u>\$ 27,181,372</u>

Atlantic Provinces Special Education Authority
Statement of Remeasurement Gains and Losses
For the Year Ended March 31, 2020

	2020	2019
Accumulated remeasurement gains, beginning of year	<u>\$3,646,568</u>	<u>\$3,781,907</u>
Remeasurement (losses) gains on portfolio investments quoted in an active market	(1,139,167)	37,269
Realized losses on portfolio investments quoted in an active market	<u>(208,363)</u>	<u>(172,608)</u>
Net remeasurement loss for the year	<u>(1,347,530)</u>	<u>(135,339)</u>
Accumulated remeasurement gains, end of year	<u>\$2,299,038</u>	<u>\$3,646,568</u>

Atlantic Provinces Special Education Authority
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2020

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Annual surplus (deficit)	(\$424,000)	\$1,216,660	\$1,155,340
Acquisition of tangible capital assets	-	(54,599)	-
Amortization of tangible capital assets	<u>284,000</u>	<u>288,022</u>	<u>285,292</u>
	(140,000)	1,450,083	1,440,632
 Remeasurement losses	 <u>-</u>	 <u>(1,347,530)</u>	 <u>(135,339)</u>
 Increase in net financial assets	 (140,000)	 102,553	 1,305,293
 Net financial assets, beginning of year	 <u>26,869,137</u>	 <u>26,766,584</u>	 <u>25,461,291</u>
Net financial assets, end of year	<u>\$26,729,137</u>	<u>\$26,869,137</u>	<u>\$26,766,584</u>

Atlantic Provinces Special Education Authority
Statement of Cash Flows
For the Year Ended March 31, 2020

	2020	2019
Cash flows from operating activities		
Annual surplus	1,216,660	1,155,340
Amortization of tangible capital assets	288,022	285,292
	<u>1,504,682</u>	<u>1,440,632</u>
Changes in non-cash working capital		
Changes in accounts receivable	(4,034,390)	(550,631)
Changes in accounts payable	371,566	(634,912)
Changes in operating advances	(350,000)	-
	<u>(4,012,824)</u>	<u>(1,185,543)</u>
Net cash flow (used in) from operating activities	<u>(2,508,142)</u>	<u>255,089</u>
Cash flows (used in) from capital activity		
Purchase of tangible capital assets	<u>(54,599)</u>	<u>-</u>
Cash flows (used in) from investing activities		
Proceeds of sale of investments	1,404,658	1,438,472
Purchase of investments	(1,613,583)	(1,751,196)
Net cash flow (used in) from investing activities	<u>(208,925)</u>	<u>(312,724)</u>
Decrease in cash and cash equivalents and restricted cash	(2,771,666)	(57,635)
Cash and cash equivalents and restricted cash, beginning of year	14,554,515	14,612,150
Cash and cash equivalents and restricted cash, end of year	<u>\$ 11,782,849</u>	<u>\$ 14,554,515</u>
Cash and cash equivalents and restricted cash is comprised of:		
Cash and cash equivalents:		
Cash	\$ 10,497,490	\$ 13,682,510
Cash equivalents	258,525	254,767
	<u>10,756,015</u>	<u>13,937,277</u>
Restricted cash		
Internally restricted - blind/visually impaired trust fund	468,846	192,871
Internally restricted - deaf/hard of hearing trust fund	557,988	424,367
	<u>1,026,834</u>	<u>617,238</u>
	<u>\$ 11,782,849</u>	<u>\$ 14,554,515</u>

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 2016 quinquennial census figures released by Statistics Canada.

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

	2020	2019
Nova Scotia	39.6%	39.6%
New Brunswick	32.0%	32.0%
Newfoundland and Labrador	22.3%	22.3%
Prince Edward Island	<u>6.1%</u>	<u>6.1%</u>
	<u>100.0%</u>	<u>100.0%</u>

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:

	2020	2019
Nova Scotia	51.3%	50.9%
New Brunswick	40.8%	41.2%
Prince Edward Island	7.9%	7.9%
	<u>100.0%</u>	<u>100.0%</u>

Certain centre-based expenditures are allocated on the basis of respective student enrolments for the five preceding school years as follows:

	2020	2019
Nova Scotia	67.8%	66.9%
New Brunswick	23.0%	22.9%
Newfoundland and Labrador	4.8%	5.2%
Prince Edward Island	4.4%	5.0%
	<u>100.0%</u>	<u>100.0%</u>

Portions of the assessment services expenditures are allocated to the provinces using the administration and consultation formula (4 provinces), the administration formula (3 provinces) and the centre-based formula with the following results:

	2020	2019
Nova Scotia	58.5%	58.1%
New Brunswick	30.4%	29.9%
Newfoundland and Labrador	4.4%	5.3%
Prince Edward Island	6.7%	6.7%
	<u>100.0%</u>	<u>100.0%</u>

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. 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, audiology and revenue generated from provision of short-term programs and assessments, 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 receivable and accounts receivable from provinces - Accounts receivable and accounts receivable from provinces are measured at amortized cost using the effective interest rate method. A valuation allowance is used to reduce the recorded value to the lower of its cost or net recoverable value. Gains and losses are recognized in the statement of operations in the period the receivable is derecognized or impaired.

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.

Accounts payable - Accounts payable 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.

Operating advances - 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. Operating advances are non-interest bearing and have no set date of repayment.

2. Accounting Policies (continued)

Financial Instruments (continued)

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.

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.

2. Accounting Policies (continued)

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.

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 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:

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 due within one year. APSEA monitors its cash balance and cash flows generated from operations in order to meet its requirements.

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

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.

(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, as well as the operating advances 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.

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 \$945,200 (2019 - \$1,001,600) was based on a March 31, 2018 actuarial calculation extrapolated to March 31, 2020. The liability is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Of the \$945,200 receivable from Provinces to fund the liability, \$548,630 relates to the Province of Nova Scotia (2019 - \$576,859), and the remaining \$396,570 relates to the other Atlantic Provinces (2019 - \$424,741). 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:

	2020	2019
Discount rate	3.24%	3.29%
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:

	2020	2019
ERIP liability, beginning of year	\$1,001,600	\$1,060,500
Fiscal expense	36,200	37,800
Fiscal payments by APSEA	<u>(92,600)</u>	<u>(96,700)</u>
Accrued liability and obligation, end of year	<u>\$945,200</u>	<u>\$1,001,600</u>

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 equal employee and employer contributions.

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

Atlantic Provinces Special Education Authority
Notes to the Financial Statements
For the Year Ended March 31, 2020

5. Post-Retirement Benefits (continued)

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

	2020	2019
Discount rate	3.24%	3.29%
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	6.83%	0.00%
Retirement age assumption	58 years	58 years
Salary increase	2.0% in 2020 2.5% in 2021 2.0% in 2022 and onward	2.0% in 2020 2.5% in 2021 2.0% in 2022 and onward

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

² decreasing annually by 0.167% to a rate of 4.5% 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' Service Awards	Non-Teachers' Post-Retirement Health	2020	2019
Retirement benefit liability, beginning of year	\$88,100	\$222,000	\$2,122,300	\$2,432,400	\$2,833,600
Fiscal retirement benefit expenses	8,100	(6,700)	102,100	103,500	348,500
Fiscal benefit payments by APSEA	(80,900)	(103,500)	(39,300)	(223,700)	(165,000)
Early payout of service awards	-	-	-	-	(584,700)
Accrued benefit liability, end of year	<u>15,300</u>	<u>111,800</u>	<u>2,185,100</u>	<u>2,312,200</u>	<u>2,432,400</u>
Less: unamortized actuarial experience gain (loss)	<u>(28,400)</u>	<u>40,300</u>	<u>(370,900)</u>	<u>(359,000)</u>	<u>(309,500)</u>
Accrued benefit obligations, end of year	<u>\$13,100</u>	<u>\$152,100</u>	<u>\$1,814,200</u>	<u>\$1,953,200</u>	<u>\$2,122,900</u>

5. Post-Retirement Benefits (continued)

The liability of \$2,312,200 (2019 - \$2,432,400) is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Based on current cost sharing formulas, the liability and receivable are divided among the provinces as follows:

	2020	2019
Nova Scotia	\$1,326,281	\$1,330,178
New Brunswick	694,619	780,091
Newfoundland and Labrador	214,865	233,251
Prince Edward Island	76,435	88,880
	<u>\$2,312,200</u>	<u>\$2,432,400</u>

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 & 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.

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:

	2020	2019
Discount rate	3.24%	3.29%
Inflation	2.00%	2.00%
Mortality	No pre-retirement mortality	No pre-retirement mortality
Retirement age	58	58
Salary Increase	2.0% in 2020	2.0% in 2020
	2.0% in 2021	2.5% in 2021
	2.0% in 2022 and onward	2.0% in 2022 and onward

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

	2020	2019
Teachers' sick leave liability, beginning of year	\$567,900	\$550,800
Fiscal expense	157,000	156,600
Fiscal payments	<u>(142,300)</u>	<u>(139,500)</u>
Accrued teachers' sick leave liability, end of year	582,600	567,900
Unamortized actuarial experience losses	<u>269,500</u>	<u>289,000</u>
Accrued teachers' sick leave obligation, end of year	<u>\$852,100</u>	<u>\$856,900</u>

6. Teachers' Sick Leave (continued)

The liability of \$582,600 (2019 - \$567,900) is fully funded by the provinces, thus an offsetting accounts receivable is recorded. Based on current cost sharing formulas the liability and receivable are divided among the provinces as follows:

	2020	2019
Nova Scotia	\$334,815	\$328,487
New Brunswick	209,522	198,535
Newfoundland and Labrador	9,648	9,178
Prince Edward Island	<u>28,615</u>	<u>31,700</u>
	<u>\$582,600</u>	<u>\$567,900</u>

7. Operating Advances

This amount represents operating advances from the Provinces of Nova Scotia and New Brunswick. The amounts are non-interest bearing and have no set terms of repayment. The amounts owed to the provinces are as follows:

	2020	2019
Province of Nova Scotia	\$480,000	\$480,000
Province of New Brunswick	<u>-</u>	<u>350,000</u>
	<u>\$480,000</u>	<u>\$830,000</u>

8. Accumulated Surplus

Accumulated surplus is comprised of:

	2020	2019
Excess of operating grants over expenditures (Schedule 1)	\$14,771,862	\$13,618,663
Internally restricted – trust fund BVI	7,490,833	8,120,284
Internally restricted – trust fund DHH	4,860,881	5,282,056
Unrestricted operating fund	(254,419)	(254,419)
Net assets invested in capital assets	<u>3,827,933</u>	<u>4,061,356</u>
Total accumulated surplus	<u>\$30,697,070</u>	<u>\$30,827,940</u>

9. Government Grants Revenue

	2020	2019
Total payments from provinces	\$17,724,910	\$17,689,369
Less: amounts relating to retiree benefits, service awards and an early retirement incentive program	<u>(65,990)</u>	<u>(443,000)</u>
Government grants revenue	<u>\$17,658,920</u>	<u>\$17,246,369</u>

Atlantic Provinces Special Education Authority
Notes to the Financial Statements
For the Year Ended March 31, 2020

10. Tangible Capital Assets

March 31, 2020

	Land	Buildings	Parking Lot	Equipment	Total
<u>Cost</u>					
Opening balance	\$2,324,930	\$9,729,956	\$105,094	\$237,327	\$12,397,307
Additions	-	-	-	54,599	54,599
Disposals	-	-	-	-	-
Closing balance	<u>2,324,930</u>	<u>9,729,956</u>	<u>105,094</u>	<u>291,926</u>	<u>12,451,906</u>
<u>Accumulated amortization</u>					
Opening balance	-	8,119,241	105,094	111,616	8,335,951
Amortization	-	261,560	-	26,462	288,022
Disposals	-	-	-	-	-
Closing balance	-	<u>8,380,801</u>	<u>105,094</u>	<u>138,078</u>	<u>8,623,973</u>
Net book value	<u>\$2,324,930</u>	<u>\$1,349,155</u>	<u>\$ -</u>	<u>\$153,848</u>	<u>\$3,827,933</u>

March 31, 2019

	Land	Buildings	Parking Lot	Equipment	Total
<u>Cost</u>					
Opening balance	\$2,324,930	\$9,729,956	\$105,094	\$237,327	\$12,397,307
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance	<u>2,324,930</u>	<u>9,729,956</u>	<u>105,094</u>	<u>237,327</u>	<u>12,397,307</u>
<u>Accumulated amortization</u>					
Opening balance	-	7,857,681	105,094	87,884	8,050,659
Amortization	-	261,560	-	23,732	285,292
Disposals	-	-	-	-	-
Closing balance	-	<u>8,119,241</u>	<u>105,094</u>	<u>111,616</u>	<u>8,335,951</u>
Net book value	<u>\$2,324,930</u>	<u>\$1,610,715</u>	<u>\$ -</u>	<u>\$125,711</u>	<u>\$4,061,356</u>

Atlantic Provinces Special Education Authority
Notes to the Financial Statements
For the Year Ended March 31, 2020

11. Operating Expenses by Object

	2020	2019
Salaries and benefits	\$14,041,717	\$13,959,245
Travel	630,251	619,344
Equipment	472,439	451,143
Utilities	277,352	267,923
Amortization	288,022	285,292
Resources services and operating supplies	344,785	357,104
Maintenance (building, property, vehicle)	279,372	218,124
Audiology	244,508	190,444
Professional services	292,910	196,002
Cafeteria operations	128,777	154,529
Other	109,866	115,414
Security	110,864	99,579
Student transportation	128,261	115,552
Professional development	116,254	84,831
Summer programs	88,906	53,582
Insurance	42,324	47,826
Early retirement incentive plan	36,200	41,020
Telephone	55,630	65,302
Bank and payroll fees	<u>21,873</u>	<u>21,534</u>
	<u>\$17,710,311</u>	<u>\$17,343,790</u>

Atlantic Provinces Special Education Authority
Notes to the Financial Statements
For the Year Ended March 31, 2020

12. Trust Funds

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

	Trust Funds – Blind / Visually Impaired		Trust Funds – Deaf / Hard of Hearing	
	2020	2019	2020	2019
Revenue				
Donations	1,826	239	1,326	-
Donations - designated	5,197	-	-	70
Annuities and bequests	-	8,181	-	-
Transfer from other trust	-	-	5,853	5,779
Investment Income	260,769	248,308	177,261	188,196
Gain on sale of investments	187,482	153,994	20,881	18,613
Unrealized capital gain (loss)	(809,875)	90,581	(537,656)	(221,415)
Transfer in from other APSEA Trust Funds	10,503	10,035	-	-
	(344,098)	511,338	(332,335)	(8,757)
Expenditures				
Fees	53,208	50,996	31,440	30,607
Incentive awards	700	3,120	-	1,000
Teacher education grants	7,000	4,472	-	-
Student prizes	9,085	7,250	1,868	2,090
Professional development	6,779	5,777	8,208	6,902
Recreational, social, cultural	28,710	37,609	13,471	3,409
Research grants	-	-	-	1,358
Scholarships	3,000	-	28,000	25,900
Student technology	10,682	2,932	-	-
Transfer to other trust	-	-	5,853	5,779
Transfer out to other APSEA Trust Funds	16,189	18,924	-	(3,399)
	135,353	131,080	88,840	73,646
Transfer to APSEA operating account to fund equipment purchases	150,000	150,000	-	-
Excess of Revenues over Expenditures	(629,451)	230,258	(421,175)	(82,403)
Fund Balance beginning of year	8,120,284	7,890,026	5,282,056	5,364,459
Fund Balance end of year	7,490,833	8,120,284	4,860,881	5,282,056
Assets				
Cash	468,846	192,872	557,989	424,367
Receivables	(20,466)	27,394	(3,038)	3,288
Investments	7,500,896	8,101,332	4,359,891	4,898,060
	7,949,276	8,321,598	4,914,842	5,325,715
Liabilities	458,443	201,314	53,961	43,659
Fund Balance End of Year	7,490,833	8,120,284	4,860,881	5,282,056

13. Commitments

APSEA has commitments for photocopier leases that expire at various dates up to September 8, 2022. The annual commitment is indicated below:

2021	\$15,559
2022	9,521
2023	2,353

14. 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.

15. Uncertainty due to COVID

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus, including the announcement of a state of emergency in the province of Nova Scotia on March 22, 2020. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Association in future fiscal years.

Atlantic Provinces Special Education Authority
Schedule 1

Accumulated Excess of Operating Grants over Expenditures
For the Year Ended March 31, 2020
(Unaudited)

	Nova Scotia	New Brunswick	Newfoundland and Labrador	Prince Edward Island	2020 Total	2019 Total
Accumulated excess of operating grants over expenditures, beginning of year	\$8,052,130	\$4,540,569	\$434,339	\$591,625	\$13,618,663	\$12,490,029
Add: payments received	9,827,004	6,133,658	845,249	918,999	17,724,910	17,665,066
Less: post-retirement benefits	<u>(26,952)</u>	<u>(22,146)</u>	<u>(12,317)</u>	<u>(4,575)</u>	<u>(65,990)</u>	<u>(418,697)</u>
	9,800,052	6,111,512	832,932	914,424	17,658,920	17,246,369
Deduct: expenditures						
Administration and consultation (4 provinces)	1,054,527	852,144	593,838	162,440	2,662,949	2,182,407
Administration and consultation (3 provinces)	288,107	229,138	-	44,367	561,612	550,619
Assessment services	423,534	220,093	31,856	48,507	723,990	753,739
Centre-based programs	1,455,314	493,691	103,031	94,445	2,146,481	2,012,833
Provincial programs	6,139,374	3,692,368	105,486	408,057	10,345,285	10,543,731
ERIP	-	25,563	8,233	5,040	38,836	41,020
Amortization	24,008	<u>(7,486)</u>	7,888	2,158	26,568	33,386
Total deductions	9,384,864	5,505,511	850,332	765,014	16,505,721	16,117,735
Accumulated excess of operating grants over expenditures, end of year	<u>\$8,467,318</u>	<u>\$5,146,570</u>	<u>\$416,939</u>	<u>\$741,035</u>	<u>\$14,771,862</u>	<u>\$13,618,663</u>