

Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2021



Independent auditor's report

To the Members of Maritime Provinces Higher Education Commission

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission (the Entity) as at March 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Entity's financial statements comprise:

- the balance sheet as at March 31, 2021;
- the statement of committed funds for the year then ended;
- the statement of revenue and expenditures – grants for the year then ended;
- the statement of revenue and expenditures – administration for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Halifax, Nova Scotia
June 30, 2021

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2021

	2021 \$	2020 \$
Assets		
Cash	6,127,503	8,170,306
Prepaid expenses	49,754	822
Amounts due from		
Government of Canada	-	236,290
New Brunswick	-	20,529,621
Nova Scotia	75,000	369,030
Prince Edward Island	-	20,000
Amount due from the Council of Atlantic Premiers	-	1
Other receivables (note 3)	73,932	84,897
	<u>6,326,189</u>	<u>29,410,967</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	24,920	42,719
Amount due to the Council of Atlantic Premiers	39,504	6,001
Amounts payable to institutions		
Operating grants	2,476,697	24,618,835
Other	-	784,232
Deferred revenue	639,532	535,155
	<u>3,180,653</u>	<u>25,986,942</u>
Committed Funds		
Operating grants	3,129,186	3,407,675
Capital grants	16,350	16,350
	<u>3,145,536</u>	<u>3,424,025</u>
	<u>6,326,189</u>	<u>29,410,967</u>

Commitments (note 5)

Approved by the Board of Directors

Michael A. Brown Director Catherine J. [Signature] Director

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2021

					2021	2020
	New Brunswick \$	Nova Scotia \$	Prince Edward Island \$	Other \$	Total \$	Total \$
Operating grants						
Balance – Beginning of year	1,136,301	59,905	2,208,928	2,541	3,407,675	16,991,091
Excess of expenditures over revenue for the year	(198,409)	(59,905)	(175)	-	(258,489)	(14,300,319)
Transfer from New Brunswick (note 9)	-	-	-	-	-	736,903
Transfer to administration	-	-	(20,000)	-	(20,000)	(20,000)
Balance – End of year	937,892	-	2,188,753	2,541	3,129,186	3,407,675
Capital grants						
Balance – Beginning of year	-	-	16,350	-	16,350	245,476
Excess of (expenditures over revenue) revenue over expenditures for the year	-	-	-	-	-	(2,528)
Transfer to New Brunswick (note 9)	-	-	-	-	-	(226,598)
Balance – End of year	-	-	16,350	-	16,350	16,350
Committed funds – End of year	937,892	-	2,205,103	2,541	3,145,536	3,424,025

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2021

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants										
Revenue										
Grants										
Unrestricted	-	266,421,273	-	366,830	59,096,360	60,668,600	-	-	59,096,360	327,456,703
Restricted	1,188,938	10,146,538	-	-	12,605,170	12,023,300	-	-	13,794,108	22,169,838
Other	-	-	-	-	-	-	216,000	1,800,232	216,000	1,800,232
	1,188,938	276,567,811	-	366,830	71,701,530	72,691,900	216,000	1,800,232	73,106,468	351,426,773
Expenditures										
Grants										
Unrestricted (Schedule A)	-	273,252,772	59,905	578,570	59,247,222	60,336,459	-	-	59,307,127	334,167,801
Restricted (Schedule B)	1,387,347	16,824,510	-	-	12,454,483	12,934,549	-	-	13,841,830	29,759,059
Other activities (note 6)	-	-	-	-	-	-	216,000	1,800,232	216,000	1,800,232
	1,387,347	290,077,282	59,905	578,570	71,701,705	73,271,008	216,000	1,800,232	73,364,957	365,727,092
Excess of expenditures over revenue (revenue over expenditures) for the year	(198,409)	(13,509,471)	(59,905)	(211,740)	(175)	(579,108)	-	-	(258,489)	(14,300,319)
Capital grants										
Revenue	-	2,000,000	-	-	-	-	-	-	-	2,000,000
Expenditures (Schedule C)	-	2,002,528	-	-	-	-	-	-	-	2,002,528
Excess of expenditures over revenue (revenue over expenditures) for the year	-	(2,528)	-	-	-	-	-	-	-	(2,528)

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2021

	2021 \$	2020 \$
Revenue		
Contributions		
New Brunswick	513,091	499,993
Nova Scotia	644,199	627,755
Prince Edward Island	103,374	100,736
Transfers from operating reserves		
New Brunswick	45,000	90,000
Prince Edward Island	20,000	20,000
Project revenue	239,829	518,562
	<u>1,565,493</u>	<u>1,857,046</u>
Expenditures		
Salaries and benefits	1,064,825	1,073,568
Office rent	116,040	114,180
Professional services	92,895	291,156
Other services	35,662	27,009
Travel		
Board members	-	5,369
Other travel	6	8,932
Per diem allowance	600	2,550
Office supplies, books and subscriptions	8,715	10,863
Publications	2,063	1,488
Office furniture and equipment	16,721	15,471
Special projects, committees and other (note 7)	188,462	300,459
	<u>1,525,989</u>	<u>1,851,045</u>
Excess of revenue over expenditures for the year (note 8)	<u>39,504</u>	<u>6,001</u>

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Cash Flows

For the year ended March 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of expenditure over revenue for the year – Grants	(258,489)	(13,792,542)
Transfers to administration	(20,000)	(20,000)
Net change in non-cash working capital balances related to operations		
Prepaid expenses	(48,932)	45,891
Amounts due from		
Government of Canada	236,290	556,710
New Brunswick	20,529,621	8,339,910
Nova Scotia	294,030	228,685
Prince Edward Island	20,000	990,658
Council of Atlantic Premiers	1	7,540
Other receivables	10,965	(47,525)
Accounts payable and accrued liabilities	(17,799)	(284,950)
Amount due to Council of Atlantic Premiers	33,503	(9,058)
Amounts payable to institutions		
Operating grants	(22,142,138)	1,641,228
Other	(784,232)	64,232
Deferred revenue	104,377	138,776
Net change in cash during the year	(2,042,803)	(2,140,445)
Cash – Beginning of year	8,170,306	10,310,751
Cash – End of year	6,127,503	8,170,306

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2021

1 Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Maritime Provinces Higher Education Commission (the Commission or MPHEC). Since the Provinces of Nova Scotia and New Brunswick make direct payments to Nova Scotia and New Brunswick institutions, these financial statements include only the operating and capital grant payments to Prince Edward Island institutions.

2 Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately \$64,832 (2020 – \$68,676).

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of \$80,488 (2020 – \$156,745).

Financial instruments

The Commission is exposed to credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses; no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded.

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of \$83,715 (2020 – \$73,528).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of \$23 (2020 – \$23).

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2021

5 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities are as follows:

	\$
Year ending March 31, 2022	109,673
2023	110,078
2024	110,490
2025	110,908
2026	27,800

6 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2021 \$	2020 \$
Government of Canada – Contribution program to improve access to health services for official languages minority communities	-	784,232
Province of Prince Edward Island – Medicine	-	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	<u>216,000</u>	<u>1,800,232</u>

7 Special projects, committees and other

	2021 \$	2020 \$
Maritime College Data Integration Program	77,230	170,933
Graduate follow-up surveys	104,534	120,077
MPHEC conference/workshop/collaboration	343	-
Committees and other	6,355	9,449
	<u>188,462</u>	<u>300,459</u>

8 Revenue and expenditures – Administration

The unallocated excess of administrative revenue over administrative expenditures for the year is considered to be part of the Consolidated Fund and accordingly, is included in the amount due to the Council of Atlantic Premiers.

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2021

9 Committed funds

The Province of New Brunswick assumed responsibility for the administration of grant funding to institutions in New Brunswick effective April 1, 2020. On March 31, 2020, the Committed Funds balance for operating was increased by \$736,903 for the amount owed to the Commission by the Province. The balance in the capital fund of \$226,598 was returned to the Province.

10 Risk management

Senior management of the Commission are responsible for setting acceptable levels of risk and reviewing risk management activities as necessary. The Commission, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and liquidity risk. Management is responsible for setting acceptable levels of risk and reviewing risk management activities as necessary.

Provisions are maintained for potential credit losses. As at March 31, 2021, the Commission did not see any increase in its collections risk for accounts receivable. Management believes the Commission is not exposed to significant credit risk and no provision for doubtful accounts has been recorded for the years ended March 31, 2021 and March 31, 2020.

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic. States of emergency were declared across Canada with varying degrees of mandatory business closures and operating restrictions, resulting in a complete economic slowdown. The continued spread of COVID-19 and the actions being taken by governments, businesses and individuals to limit this pandemic, including business closures and physical distancing, and the effects of resulting layoffs and other job losses on the available cash flow of governments, organizations and individuals may adversely impact operations and activities of the universities. This could impact funding received by the Commission from the provinces. If funding from the provinces is reduced, the Commission expenditures would be reduced accordingly.

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2021

Schedule A

	2021 \$	2020 \$
New Brunswick		
Institutions		
Maritime College of Forest Technology	-	2,132,450
Mount Allison University	-	20,949,854
St. Thomas University	-	12,548,971
Université de Moncton	-	66,293,182
University of New Brunswick	-	115,356,724
Program Expansion – Medical, nursing and other	-	
Mount Allison University	-	215,600
Université de Moncton	-	5,387,220
University of New Brunswick	-	3,760,974
	-	226,644,975
Interprovincial transfers		
University of Prince Edward Island – Atlantic Veterinary College	-	5,351,758
Université de Sherbrooke	-	1,867,956
Province of Newfoundland and Labrador	-	2,530,000
Province of Nova Scotia	-	3,031,500
Province of Ontario	-	40,581
Province of Québec	-	9,553,827
Dalhousie University	-	8,667,365
	-	31,042,987
Grants in lieu of Municipal Real Property Taxes	-	15,544,810
Other	-	20,000
	-	15,564,810
	-	273,252,772
Nova Scotia		
Interprovincial transfers		
Province of Québec	-	366,830
Go Survey	59,905	74,095
College Data Project	-	137,645
	59,905	578,570
Prince Edward Island		
Institutions		
Holland College	19,381,000	19,001,000
University of Prince Edward Island	35,337,800	34,644,900
	54,718,800	53,645,900
Interprovincial transfers		
Province of Nova Scotia	4,227,560	6,488,700
Province of Québec	300,862	201,859
	4,528,422	6,690,559
	59,247,222	60,336,459
	59,307,127	334,167,801

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2021

Schedule B

	2021 \$	2020 \$
New Brunswick		
Maritime College of Forest Technology	-	132,644
Mount Allison University	-	1,004,533
St. Thomas University	-	865,402
Université de Moncton	-	3,962,853
University of New Brunswick	-	9,596,828
Joint Project – Computer Network	1,387,347	1,262,250
	<u>1,387,347</u>	<u>16,824,510</u>
Prince Edward Island		
Holland College	7,076,238	6,642,988
University of Prince Edward Island	5,296,806	6,206,325
Joint Project – Computer Network	81,439	85,236
	<u>12,454,483</u>	<u>12,934,549</u>
	<u>13,841,830</u>	<u>29,759,059</u>

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2021

Schedule C

	2021 \$	2020 \$
New Brunswick	-	
Mount Allison University	-	196,015
St. Thomas University	-	135,279
Université de Moncton	-	615,677
University of New Brunswick	-	1,055,557
	-	2,002,528