

Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2017



June 30, 2017

Independent Auditor's Report

To the Members of Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission**, which comprise the balance sheet as at March 31, 2017 and the statements of committed funds, revenue and expenditures – grants, revenue and expenditures – administration and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2017 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Maritime Provinces Higher Education Commission

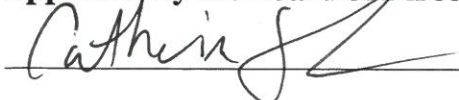
Balance Sheet

As at March 31, 2017

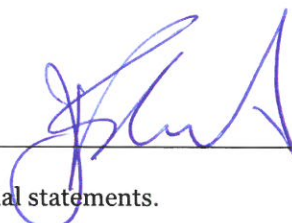
	2017 \$	2016 \$
Assets		
Cash	10,004,769	6,455,476
Prepaid expenses	27,867	59,220
Amounts due from		
Government of Canada	700,000	722,000
New Brunswick	25,293,705	25,928,469
Nova Scotia	344,470	555,622
Prince Edward Island	—	404,200
Amount due from the Council of Atlantic Premiers	—	40,828
Amount due from the Council of Atlantic Ministers of Education and Training	—	32,500
Other receivables (note 3)	33,673	54,515
	<u>36,404,484</u>	<u>34,252,830</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	133,721	56,889
Amount due to the Council of Atlantic Premiers	151,035	—
Amounts payable to institutions		
Operating grants	20,317,915	18,682,324
Capital grants	19,601	126,841
Other	702,101	725,712
Deferred revenue	229,766	183,923
	<u>21,554,139</u>	<u>19,775,689</u>
Committed Funds		
Operating grants	14,652,867	14,387,632
Capital grants	197,478	89,509
	<u>14,850,345</u>	<u>14,477,141</u>
	<u>36,404,484</u>	<u>34,252,830</u>

Commitments (note 5)

Approved by the Board of Directors



Director



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, 2017

					2017	2016
	New Brunswick \$	Nova Scotia \$	Prince Edward Island \$	Other \$	Total \$	Total \$
Operating grants						
Balance – Beginning of year	10,513,577	486,816	3,384,698	2,541	14,387,632	15,664,405
Excess of revenue over expenditures (expenditures over revenue) for the year	(297,473)	(55,013)	717,721	–	365,235	(1,176,773)
Transfer to administration	(90,000)	–	(10,000)	–	(100,000)	(100,000)
Balance – End of year	10,126,104	431,803	4,092,419	2,541	14,652,867	14,387,632
Capital grants						
Balance – Beginning of year	73,159	–	16,350	–	89,509	183,720
Excess of revenue over expenditures (expenditures over revenue) for the year	107,969	–	–	–	107,969	(94,211)
Balance – End of year	181,128	–	16,350	–	197,478	89,509
Committed funds – End of year	10,307,232	431,803	4,108,769	2,541	14,850,345	14,477,141

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, 2017

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants										
Revenue										
Grants										
Unrestricted	266,127,228	264,559,596	365,872	247,281	56,423,503	55,061,099	–	–	322,916,603	319,867,976
Restricted	10,043,592	9,555,097	–	–	15,896,830	13,764,700	–	–	25,940,422	23,319,797
Other	–	–	–	–	–	–	1,718,101	1,741,712	1,718,101	1,741,712
	276,170,820	274,114,693	365,872	247,281	72,320,333	68,825,799	1,718,101	1,741,712	350,575,126	344,929,485
Expenditures										
Grants										
Unrestricted (Schedule A)	266,737,457	267,583,427	420,885	321,086	56,421,045	55,301,823	–	–	323,579,387	323,206,336
Restricted (Schedule B)	9,730,836	8,148,111	–	–	15,181,567	13,010,099	–	–	24,912,403	21,158,210
Other activities (note 6)	–	–	–	–	–	–	1,718,101	1,741,712	1,718,101	1,741,712
	276,468,293	275,731,538	420,885	321,086	71,602,612	68,311,922	1,718,101	1,741,712	350,209,891	346,106,258
Excess of revenue over expenditures (expenditures over revenue) for the year	(297,473)	(1,616,845)	(55,013)	(73,805)	717,721	513,877	–	–	365,235	(1,176,773)
Capital grants										
Revenue	2,000,000	2,000,000	–	–	–	–	–	–	2,000,000	2,000,000
Expenditures (Schedule C)	1,892,031	2,094,211	–	–	–	–	–	–	1,892,031	2,094,211
Excess of revenue over expenditures (expenditures over revenue) for the year	107,969	(94,211)	–	–	–	–	–	–	107,969	(94,211)

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, 2017

	2017 \$	2016 \$
Revenue		
Contributions		
New Brunswick	605,286	580,296
Nova Scotia	744,180	713,455
Prince Edward Island	112,577	107,929
Transfers from operating reserves		
New Brunswick	90,000	90,000
Prince Edward Island	10,000	10,000
Project revenue	199,018	144,348
	<u>1,761,061</u>	<u>1,646,028</u>
Expenditures		
Salaries and benefits	1,146,529	1,271,598
Office rent	108,527	110,194
Professional services	141,406	54,747
Other services	29,125	29,176
Travel		
Board members	7,437	7,205
Other travel	8,160	14,407
Per diem allowance	5,550	4,575
Office supplies, books and subscriptions	7,659	13,089
Publications	4,751	5,462
Office furniture and equipment	30,112	36,384
Special projects, committees and other (note 7)	120,770	139,381
	<u>1,610,026</u>	<u>1,686,218</u>
Excess of revenue over expenditures (expenditures over revenue) for the year (note 8)	<u>151,035</u>	<u>(40,190)</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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue for the year - Grants	473,204	(1,270,984)
Transfers to administration	(100,000)	(100,000)
Net change in non-cash working capital balances related to operations		
(Increase) decrease in prepaid expenses	31,353	(59,220)
Decrease (increase) in amounts due from		
Government of Canada	22,000	6,000
New Brunswick	634,764	2,465,928
Newfoundland and Labrador	—	216,000
Nova Scotia	211,152	(173,282)
Prince Edward Island	404,200	(399,259)
Council of Atlantic Premiers	40,828	12,262
Council of Atlantic Ministers of Education and Training	32,500	(32,500)
Decrease in other receivables	20,842	1,076
Decrease in accounts payable and accrued liabilities	76,832	(4,053)
Increase in amount due to Council of Atlantic Premiers	151,035	—
Increase (decrease) in amounts payable to institutions		
Operating grants	1,635,591	(2,321,446)
Capital grants	(107,240)	113,543
Other	(23,611)	(2,288)
Increase in deferred revenue	45,843	40,864
Net change in cash during the year	3,549,293	(1,507,359)
Cash - Beginning of year	6,455,476	7,962,835
Cash - End of year	10,004,769	6,455,476

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, 2017

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 Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and 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") as issued by the Canadian Accounting Standards Board.

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 revenues 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 \$92,953 (2016 - \$90,739).

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 \$290,949 (2016 - \$390,279).

Financial instruments

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and 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 in the accounts.

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2017

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of \$33,673 (2016 - \$28,039).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of \$898 (2016 - \$876).

5 Commitments

Office facilities

The Commissions has long-term lease arrangements for office facilities and office equipment which matured in June 2016. The terms of these leases are being negotiated by the Province of New Brunswick with the lessors on behalf of the Commission. As at March 31, 2017, no terms of renewal are known by the Commission to determine future minimum annual lease commitments. The Commission has full intentions of renewing all leases.

6 Other activities

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

	2017 \$	2016 \$
Government of Canada – Contribution program to improve access to health services for official languages minority communities	702,101	725,712
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	<u>1,718,101</u>	<u>1,741,712</u>

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2017

7 Special projects, committees and other

	2017 \$	2016 \$
Graduate follow-up surveys	106,657	115,136
MPHEC conference/workshop/collaboration	3,632	4,408
Committees and other	10,481	19,837
	<hr/>	<hr/>
	120,770	139,381

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

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2017

Schedule A

	2017 \$	2016 \$
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,069,736	2,069,736
Mount Allison University	20,334,159	20,334,159
St. Thomas University	12,180,167	12,180,167
Université de Moncton	64,344,883	64,344,883
University of New Brunswick	111,966,492	111,966,492
Program Expansion – Medical, nursing and other		
Université de Moncton	7,119,647	6,983,738
University of New Brunswick	4,702,760	6,098,577
	<u>222,717,844</u>	<u>223,977,752</u>
Interprovincial transfers		
University of Prince Edward Island – Atlantic Veterinary College	5,184,763	5,134,433
Université de Sherbrooke	1,729,277	1,708,080
Province of Newfoundland and Labrador	2,810,000	2,532,000
Province of Nova Scotia	3,376,700	3,510,500
Province of Ontario	28,054	27,054
Province of Québec	8,498,274	8,515,216
Dalhousie University	7,993,399	7,812,167
	<u>29,620,467</u>	<u>29,239,450</u>
Grants in lieu of Municipal Real Property Taxes	14,372,614	14,339,693
Other	26,532	26,532
	<u>266,737,457</u>	<u>267,583,427</u>
Nova Scotia		
Interprovincial transfers		
Province of Québec	347,080	247,281
Go Survey	73,805	73,805
	<u>420,885</u>	<u>321,086</u>
Prince Edward Island		
Institutions		
Holland College	18,082,400	17,902,400
University of Prince Edward Island	32,084,601	30,769,600
	<u>50,167,001</u>	<u>48,672,000</u>
Interprovincial transfers		
Province of Nova Scotia	6,130,600	6,263,230
Province of Québec	112,194	36,143
	<u>6,242,794</u>	<u>6,299,373</u>
Other	11,250	330,450
	<u>56,421,045</u>	<u>55,301,823</u>
	<u>323,579,387</u>	<u>323,206,336</u>

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2017

Schedule B

	2017 \$	2016 \$
New Brunswick		
Maritime College of Forest Technology	100,318	105,067
Mount Allison University	974,990	974,990
St. Thomas University	330,218	606,272
Université de Moncton	2,474,538	2,018,784
University of New Brunswick	4,855,932	3,724,251
Joint Project – Computer Network	994,840	718,747
	<u>9,730,836</u>	<u>8,148,111</u>
Prince Edward Island		
Holland College	7,679,155	5,325,600
University of Prince Edward Island	7,423,661	7,616,992
Joint Project – Computer Network	78,751	67,507
	<u>15,181,567</u>	<u>13,010,099</u>
	<u>24,912,403</u>	<u>21,158,210</u>

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2017

Schedule C

	2017 \$	2016 \$
New Brunswick		
Mount Allison University	196,015	196,015
St. Thomas University	146,677	104,318
Université de Moncton	615,677	615,953
University of New Brunswick	933,662	1,177,925
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	1,892,031	2,094,211
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