

Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2018



June 28, 2018

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, 2018 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, 2018 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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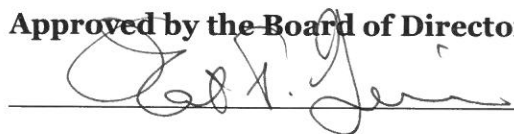
Maritime Provinces Higher Education Commission

Balance Sheet

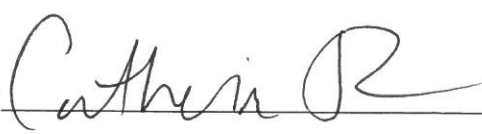
As at March 31, 2018

	2018 \$	2017 \$
Assets		
Cash	8,582,220	10,004,769
Prepaid expenses	657,613	27,867
Amounts due from		
Government of Canada	1,451,586	700,000
New Brunswick	34,834,645	25,293,705
Nova Scotia	40,720	344,470
Prince Edward Island	404,200	—
Amount due from the Council of Atlantic Premiers	184	—
Other receivables (note 3)	64,572	33,673
	<u>46,035,740</u>	<u>36,404,484</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	188,214	133,721
Amount due to the Council of Atlantic Premiers	440	151,035
Amounts payable to institutions		
Operating grants	27,245,920	20,317,915
Capital grants	—	19,601
Other	751,586	702,101
Deferred revenue	249,450	229,766
	<u>28,435,610</u>	<u>21,554,139</u>
Committed Funds		
Operating grants	17,367,961	14,652,867
Capital grants	232,169	197,478
	<u>17,600,130</u>	<u>14,850,345</u>
	<u>46,035,740</u>	<u>36,404,484</u>
Commitments (note 5)		
Contingency (note 9)		

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, 2018

					2018	2017
	New Brunswick \$	Nova Scotia \$	Prince Edward Island \$	Other \$	Total \$	Total \$
Operating grants						
Balance – Beginning of year	10,126,104	431,803	4,092,419	2,541	14,652,867	14,387,632
Excess of revenue over expenditures (expenditures over revenue) for the year	3,038,951	(22,513)	(201,344)	–	2,815,094	365,235
Transfer to administration	(90,000)	–	(10,000)	–	(100,000)	(100,000)
Balance – End of year	13,075,055	409,290	3,881,075	2,541	17,367,961	14,652,867
Capital grants						
Balance – Beginning of year	181,128	–	16,350	–	197,478	89,509
Excess of revenue over expenditures (expenditures over revenue) for the year	34,691	–	–	–	34,691	107,969
Balance – End of year	215,819	–	16,350	–	232,169	197,478
Committed funds – End of year	13,290,874	409,290	3,897,425	2,541	17,600,130	14,850,345

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, 2018

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants										
Revenue										
Grants										
Unrestricted	269,088,403	266,127,228	580,684	365,872	56,577,798	56,423,503	–	–	326,246,885	322,916,603
Restricted	9,970,039	10,043,592	–	–	15,506,667	15,896,830	–	–	25,476,706	25,940,422
Other	–	–	–	–	–	–	1,767,586	1,718,101	1,767,586	1,718,101
	<u>279,058,442</u>	<u>276,170,820</u>	<u>580,684</u>	<u>365,872</u>	<u>72,084,465</u>	<u>72,320,333</u>	<u>1,767,586</u>	<u>1,718,101</u>	<u>353,491,177</u>	<u>350,575,126</u>
Expenditures										
Grants										
Unrestricted (Schedule A)	266,470,383	266,737,457	603,197	420,885	56,703,218	56,421,045	–	–	323,776,798	323,579,387
Restricted (Schedule B)	9,549,108	9,730,836	–	–	15,582,591	15,181,567	–	–	25,131,699	24,912,403
Other activities (note 6)	–	–	–	–	–	–	1,767,586	1,718,101	1,767,586	1,718,101
	<u>276,019,491</u>	<u>276,468,293</u>	<u>603,197</u>	<u>420,885</u>	<u>72,285,809</u>	<u>71,602,612</u>	<u>1,767,586</u>	<u>1,718,101</u>	<u>350,676,083</u>	<u>350,209,891</u>
Excess of revenue over expenditures (expenditures over revenue) for the year	<u>3,038,951</u>	<u>(297,473)</u>	<u>(22,513)</u>	<u>(55,013)</u>	<u>(201,344)</u>	<u>717,721</u>	<u>–</u>	<u>–</u>	<u>2,815,094</u>	<u>365,235</u>
Capital grants										
Revenue	2,000,000	2,000,000	–	–	–	–	–	–	2,000,000	2,000,000
Expenditures (Schedule C)	<u>1,965,309</u>	<u>1,892,031</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,965,309</u>	<u>1,892,031</u>
Excess of revenue over expenditures for the year	<u>34,691</u>	<u>107,969</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>34,691</u>	<u>107,969</u>

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, 2018

	2018 \$	2017 \$
Revenue		
Contributions		
New Brunswick	583,960	605,286
Nova Scotia	717,611	744,180
Prince Edward Island	108,558	112,577
Transfers from operating reserves		
New Brunswick	90,000	90,000
Prince Edward Island	10,000	10,000
Project revenue	359,093	199,018
	<u>1,869,222</u>	<u>1,761,061</u>
Expenditures		
Salaries and benefits	1,151,862	1,146,529
Office rent	131,612	108,527
Professional services	181,477	141,406
Other services	26,097	29,125
Travel		
Board members	7,169	7,437
Other travel	8,865	8,160
Per diem allowance	6,750	5,550
Office supplies, books and subscriptions	11,525	7,659
Publications	2,773	4,751
Office furniture and equipment	19,668	30,112
Special projects, committees and other (note 7)	320,984	120,770
	<u>1,868,782</u>	<u>1,610,026</u>
Excess of revenue over expenditures for the year (note 8)	<u>440</u>	<u>151,035</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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year - Grants	2,849,785	473,204
Transfers to administration	(100,000)	(100,000)
Net change in non-cash working capital balances related to operations		
(Increase) decrease in prepaid expenses	(629,746)	31,353
Decrease (increase) in amounts due from		
Government of Canada	(751,586)	22,000
New Brunswick	(9,540,940)	634,764
Newfoundland and Labrador	-	-
Nova Scotia	303,750	211,152
Prince Edward Island	(404,200)	404,200
Council of Atlantic Premiers	(184)	40,828
Council of Atlantic Ministers of Education and Training	-	32,500
Decrease in other receivables	(30,899)	20,842
Decrease in accounts payable and accrued liabilities	54,493	76,832
Increase in amount due to Council of Atlantic Premiers	(150,595)	151,035
Increase (decrease) in amounts payable to institutions		
Operating grants	6,928,005	1,635,591
Capital grants	(19,601)	(107,240)
Other	49,485	(23,611)
Increase in deferred revenue	19,684	45,843
Net change in cash during the year	(1,422,549)	3,549,293
Cash - Beginning of year	10,004,769	6,455,476
Cash - End of year	8,582,220	10,004,769

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, 2018

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 \$88,175 (2017 - \$92,953).

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 \$207,667 (2017 - \$290,949).

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, 2018

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of \$64,572 (2017 - \$33,673).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of \$173 (2017 - \$898).

5 Commitments

Office facilities

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

	\$
Year ending March 31, 2019	108,496
2020	108,882
2021	109,275
2022	109,673
2023	110,078
2024	110,490
2025	110,908
2026	55,600

6 Other activities

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

	2018 \$	2017 \$
Government of Canada – Contribution program to improve access to health services for official languages minority communities	751,586	702,101
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	<u>1,767,586</u>	<u>1,718,101</u>

7 Special projects, committees and other

	2018 \$	2017 \$
Maritime College Data Integration Program	188,618	–
Graduate follow-up surveys	107,321	106,657
MPHEC conference/workshop/collaboration	9,454	3,632
Committees and other	15,591	10,481
	<u>320,984</u>	<u>120,770</u>

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2018

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.

9 Contingency

As part of a funding agreement backed by the Province of New Brunswick, MPHEC provided both the University of New Brunswick (“UNB”) and the Université de Moncton (“UdeM”) with funds to aimed to increase the level of enrolment in several courses in nursing programs at each institution. One requirement of the funding agreements was that the universities meet minimum increases in the number of enrolled students in the specified programs. As of the completion of the programs, which occurred in 2017, neither University had met this requirement. As a result, MPHEC was entitled, under the funding agreement to receive funds back from each of UNB and UdeM. Subsequent to year end, the Province of New Brunswick has been considering its options related to this matter. The amount and timing of realization of the claw back for prior funding, if any, cannot be determined at this time; accordingly, no amount has been recorded in these financial statements related to this potential claw back of prior funding.

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2018

Schedule A

	2018 \$	2017 \$
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,090,433	2,069,736
Mount Allison University	20,537,059	20,334,159
St. Thomas University	12,180,168	12,180,167
Université de Moncton	64,986,945	64,344,883
University of New Brunswick	113,083,741	111,966,492
Program Expansion – Medical, nursing and other		
Mount Allison University	215,600	–
Université de Moncton	7,179,450	7,119,647
University of New Brunswick	1,905,487	4,702,760
	222,178,883	222,717,844
Interprovincial transfers		
University of Prince Edward Island – Atlantic Veterinary College	5,235,597	5,184,763
Université de Sherbrooke	1,915,788	1,729,277
Province of Newfoundland and Labrador	2,662,000	2,810,000
Province of Nova Scotia	3,328,500	3,376,700
Province of Ontario	28,054	28,054
Province of Québec	7,942,316	8,498,274
Dalhousie University	8,330,765	7,993,399
	29,443,020	29,620,467
Grants in lieu of Municipal Real Property Taxes	14,821,948	14,372,614
Other	26,532	26,532
	266,470,383	266,737,457
Nova Scotia		
Interprovincial transfers		
Province of Québec	445,607	347,080
Go Survey	20,484	73,805
College Data Project	137,106	–
	603,197	420,885
Prince Edward Island		
Institutions		
Holland College	18,262,400	18,082,400
University of Prince Edward Island	32,322,625	32,084,601
	50,585,025	50,167,001
Interprovincial transfers		
Province of Nova Scotia	6,000,600	6,130,600
Province of Québec	112,379	112,194
	6,112,979	6,242,794
Other	5,214	11,250
	56,703,218	56,421,045
	323,776,798	323,579,387

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2018

Schedule B

	2018 \$	2017 \$
New Brunswick		
Maritime College of Forest Technology	126,141	100,318
Mount Allison University	984,740	974,990
St. Thomas University	259,515	330,218
Université de Moncton	2,390,989	2,474,538
University of New Brunswick	4,838,135	4,855,932
Joint Project – Computer Network	949,588	994,840
	<hr/> 9,549,108	<hr/> 9,730,836
Prince Edward Island		
Holland College	8,140,163	7,679,155
University of Prince Edward Island	7,306,962	7,423,661
Joint Project – Computer Network	135,466	78,751
	<hr/> 15,582,591	<hr/> 15,181,567
	<hr/> 25,131,699	<hr/> 24,912,403

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2018

Schedule C

	2018 \$	2017 \$
New Brunswick		
Mount Allison University	176,414	196,015
St. Thomas University	119,765	146,677
Université de Moncton	615,677	615,677
University of New Brunswick	1,053,453	933,662
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	1,965,309	1,892,031