

Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2019



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, 2019 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, 2019;
- 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 a summary of significant accounting policies.

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.

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

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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, Licensed Public Accountants

Halifax, Nova Scotia
June 28, 2019

Maritime Provinces Higher Education Commission

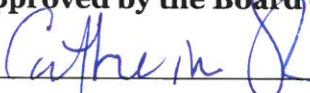
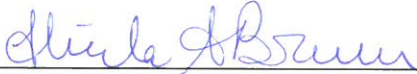
Balance Sheet

As at March 31, 2019

	2019 \$	2018 \$
Assets		
Cash	10,310,751	8,582,220
Prepaid expenses	46,713	657,613
Amounts due from		
Government of Canada	793,000	1,451,586
New Brunswick	28,869,531	34,834,645
Nova Scotia	597,715	40,720
Prince Edward Island	1,010,658	404,200
Amount due from the Council of Atlantic Premiers	7,541	184
Other receivables (note 3)	37,372	64,572
	<u>41,673,281</u>	<u>46,035,740</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	327,669	188,214
Amount due to the Council of Atlantic Premiers	15,059	440
Amounts payable to institutions		
Operating grants	22,977,607	27,245,920
Other	720,000	751,586
Deferred revenue	396,379	249,450
	<u>24,436,714</u>	<u>28,435,610</u>
Committed Funds		
Operating grants	16,991,091	17,367,961
Capital grants	245,476	232,169
	<u>17,236,567</u>	<u>17,600,130</u>
	<u>41,673,281</u>	<u>46,035,740</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, 2019

					2019	2018
	New Brunswick \$	Nova Scotia \$	Prince Edward Island \$	Other \$	Total \$	Total \$
Operating grants						
Balance – Beginning of year	13,075,055	409,290	3,881,075	2,541	17,367,961	14,652,867
Excess of revenue over expenditures (expenditures over revenue) for the year	923,814	(137,645)	(1,053,039)	-	(266,870)	2,815,094
Transfer to administration	(90,000)	-	(20,000)	-	(110,000)	(100,000)
Balance – End of year	13,908,869	271,645	2,808,036	2,541	16,991,091	17,367,961
Capital grants						
Balance – Beginning of year	215,819	-	16,350	-	232,169	197,478
Excess of revenue over expenditures (expenditures over revenue) for the year	13,307	-	-	-	13,307	34,691
Balance – End of year	229,126	-	16,350	-	245,476	232,169
Committed funds – End of year	14,137,995	271,645	2,824,386	2,541	17,236,567	17,600,130

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, 2019

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants										
Revenue										
Grants										
Unrestricted	279,757,264	269,088,403	501,628	580,684	58,644,260	56,577,798	-	-	338,903,152	326,246,885
Restricted	10,057,849	9,970,039	-	-	15,111,198	15,506,667	-	-	25,169,047	25,476,706
Other	-	-	-	-	-	-	1,736,000	1,767,586	1,736,000	1,767,586
	289,815,113	279,058,442	501,628	580,684	73,755,458	72,084,465	1,736,000	1,767,586	365,808,199	353,491,177
Expenditures										
Grants										
Unrestricted (Schedule A)	278,518,978	266,470,383	639,273	603,197	58,744,225	56,703,218	-	-	337,902,476	323,776,798
Restricted (Schedule B)	10,372,321	9,549,108	-	-	16,064,272	15,582,591	-	-	26,436,593	25,131,699
Other activities (note 6)	-	-	-	-	-	-	1,736,000	1,767,586	1,736,000	1,767,586
	288,891,299	276,019,491	639,273	603,197	74,808,497	72,285,809	1,736,000	1,767,586	366,075,069	350,676,083
Excess of revenue over expenditures (expenditures over revenue) for the year	923,814	3,038,951	(137,645)	(22,513)	(1,053,039)	(201,344)	-	-	(266,870)	2,815,094
Capital grants										
Revenue	2,000,000	2,000,000	-	-	-	-	-	-	2,000,000	2,000,000
Expenditures (Schedule C)	1,986,693	1,965,309	-	-	-	-	-	-	1,986,693	1,965,309
Excess of revenue over expenditures for the year	13,307	34,691	-	-	-	-	-	-	13,307	34,691

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, 2019

	2019 \$	2018 \$
Revenue		
Contributions		
New Brunswick	504,752	583,960
Nova Scotia	633,731	717,611
Prince Edward Island	101,695	108,558
Transfers from operating reserves		
New Brunswick	90,000	90,000
Prince Edward Island	20,000	10,000
Project revenue	532,681	359,093
	<u>1,882,859</u>	<u>1,869,222</u>
Expenditures		
Salaries and benefits	1,071,083	1,151,862
Office rent	113,943	131,612
Professional services	210,077	181,477
Other services	27,081	26,097
Travel		
Board members	4,238	7,169
Other travel	10,445	8,865
Per diem allowance	2,850	6,750
Office supplies, books and subscriptions	8,056	11,525
Publications	1,353	2,773
Office furniture and equipment	10,218	19,668
Special projects, committees and other (note 7)	408,456	320,984
	<u>1,867,800</u>	<u>1,868,782</u>
Excess of revenue over expenditures for the year (note 8)	<u>15,059</u>	<u>440</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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year – Grants	(253,563)	2,849,785
Transfers to administration	(110,000)	(100,000)
Net change in non-cash working capital balances related to operations		
(Increase) decrease in prepaid expenses	610,900	(629,746)
Decrease (increase) in amounts due from		
Government of Canada	658,586	(751,586)
New Brunswick	5,965,114	(9,540,940)
Nova Scotia	(556,995)	303,750
Prince Edward Island	(606,458)	(404,200)
Council of Atlantic Premiers	(7,357)	(184)
Decrease in other receivables	27,200	(30,899)
Decrease in accounts payable and accrued liabilities	139,455	54,493
Increase in amount due to Council of Atlantic Premiers	14,619	(150,595)
Increase (decrease) in amounts payable to institutions		
Operating grants	(4,268,313)	6,928,005
Capital grants	-	(19,601)
Other	(31,586)	49,485
Increase in deferred revenue	146,929	19,684
Net change in cash during the year	1,728,531	(1,422,549)
Cash – Beginning of year	8,582,220	10,004,769
Cash – End of year	10,310,751	8,582,220

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, 2019

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 \$74,875 (2018 - \$88,175).

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 \$176,971 (2018 - \$207,667).

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.

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of \$37,372 (2018 - \$64,572).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of \$68 (2018 - \$173).

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2019

5 Commitments

Office facilities

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

	\$
Year ending March 31, 2020	108,882
2021	109,275
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:

	2019 \$	2018 \$
Government of Canada – Contribution program to improve access to health services for official languages minority communities	720,000	751,586
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	<u>1,736,000</u>	<u>1,767,586</u>

7 Special projects, committees and other

	2019 \$	2018 \$
Maritime College Data Integration Program	258,467	188,618
Graduate follow-up surveys	127,651	107,321
MPHEC conference/workshop/collaboration	9,150	9,454
Committees and other	13,188	15,591
	<u>408,456</u>	<u>320,984</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

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2019

Schedule A

	2019 \$	2018 \$
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,111,337	2,090,433
Mount Allison University	20,742,430	20,537,059
St. Thomas University	12,546,264	12,180,168
Université de Moncton	65,636,814	64,986,945
University of New Brunswick	114,214,578	113,083,741
Program Expansion – Medical, nursing and other		
Mount Allison University	215,600	215,600
Université de Moncton	10,414,471	7,179,450
University of New Brunswick	7,676,702	1,905,487
	<u>233,558,196</u>	<u>222,178,883</u>
Interprovincial transfers		
University of Prince Edward Island – Atlantic Veterinary College	5,286,939	5,235,597
Université de Sherbrooke	1,977,491	1,915,788
Province of Newfoundland and Labrador	2,730,000	2,662,000
Province of Nova Scotia	3,392,100	3,328,500
Province of Ontario	41,581	28,054
Province of Québec	8,966,045	7,942,316
Dalhousie University	7,438,639	8,330,765
	<u>29,832,795</u>	<u>29,443,020</u>
Grants in lieu of Municipal Real Property Taxes	15,101,455	14,821,948
Other	26,532	26,532
	<u>278,518,978</u>	<u>266,470,383</u>
Nova Scotia		
Interprovincial transfers		
Province of Québec	501,628	445,607
Go Survey	-	20,484
College Data Project	137,645	137,106
	<u>639,273</u>	<u>603,197</u>
Prince Edward Island		
Institutions		
Holland College	18,628,400	18,262,400
University of Prince Edward Island	33,965,600	32,322,625
	<u>52,594,000</u>	<u>50,585,025</u>
Interprovincial transfers		
Province of Nova Scotia	5,950,100	6,000,600
Province of Québec	199,575	112,379
	<u>6,149,675</u>	<u>6,112,979</u>
Other	550	5,214
	<u>58,744,225</u>	<u>56,703,218</u>
	<u>337,902,476</u>	<u>323,776,798</u>

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2019

Schedule B

	2019 \$	2018 \$
New Brunswick		
Maritime College of Forest Technology	72,652	126,141
Mount Allison University	994,587	984,740
St. Thomas University	382,838	259,515
Université de Moncton	2,990,181	2,390,989
University of New Brunswick	4,540,266	4,838,135
Joint Project – Computer Network	1,391,797	949,588
	<hr/> 10,372,321	<hr/> 9,549,108
Prince Edward Island		
Holland College	7,810,352	8,140,163
University of Prince Edward Island	8,177,968	7,306,962
Joint Project – Computer Network	75,952	135,466
	<hr/> 16,064,272	<hr/> 15,582,591
	<hr/> 26,436,593	<hr/> 25,131,699

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2019

Schedule C

	2019 \$	2018 \$
New Brunswick		
Mount Allison University	196,015	176,414
St. Thomas University	119,612	119,765
Université de Moncton	615,677	615,677
University of New Brunswick	1,055,389	1,053,453
	<u>1,986,693</u>	<u>1,965,309</u>