



Financial Statements

Maritime Provinces Higher Education
Commission

March 31, 2024

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Independent Auditor's Report

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To the Members of Maritime Provinces Higher Education Commission

Opinion

We have audited the financial statements of Maritime Provinces Higher Education Commission ("MPHEC"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2024, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 are independent of Maritime Provinces Higher Education Commission 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 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 MPHEC'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 MPHEC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the MPHEC'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 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 MPHEC's internal control.
- 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 MPHEC'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 MPHEC to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Halifax, Canada
June 26, 2024

Chartered Professional Accountants

Maritime Provinces Higher Education Commission

Statement of Financial Position

March 31

2024

2023

Assets

Current

Cash and cash equivalents	\$ 9,819,453	\$ 4,792,389
Prepays	13,437	62,377
Receivable from		
New Brunswick	9,608	24,063
Nova Scotia	8,523	-
Other receivables	23,893	31,520
	<u>9,874,914</u>	<u>4,910,349</u>

Capital assets (Note 3)

36,642 55,169

\$ 9,911,556 \$ 4,965,518

Liabilities

Current liabilities

Payables and accruals (Note 4)	\$ 57,886	\$ 60,922
Operating grants payable to institutions	6,632,762	1,203,060
Deferred revenue	1,029,933	836,635
Committed funds (Note 7)		
Operating grants	2,137,983	2,793,382
Capital grants	16,350	16,350
	<u>9,874,914</u>	<u>4,910,349</u>

Net Assets

36,642 55,169

\$ 9,911,556 \$ 4,965,518

Commitments (Note 5)

On behalf of the Board of Commissioners



Director



Director

Maritime Provinces Higher Education Commission

Statement of Operations and Changes in Net Assets

Year ended March 31

2024

2023

Revenue

Contributions		
New Brunswick	\$ 552,436	\$ 513,090
Nova Scotia	691,898	644,200
Prince Edward Island	109,675	103,374
Other	-	99,421
Operating grants		
Prince Edward Island	20,000	20,000
Project Revenue	<u>385,064</u>	<u>410,150</u>
	<u>1,759,073</u>	<u>1,790,235</u>

Expenditures

Amortization	29,631	21,976
Salaries and Benefits	1,173,200	1,158,244
Office rent	113,595	113,576
Professional services	318,213	294,834
Other services	19,879	24,032
Travel		
Board members	1,260	-
Other travel	6,142	12,980
Per diem allowance	1,725	1,275
Office supplies, books, and subscriptions	7,025	4,858
Publications	1,852	3,443
Special projects, committees and other (Note 6)	<u>105,078</u>	<u>99,848</u>
	<u>1,777,600</u>	<u>1,735,066</u>

(Deficiency) excess of revenue over expenditures	\$ (18,527)	\$ 55,169
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Net assets, beginning of the year	\$ 55,169	\$ -
(Deficiency) excess of revenue over expenditures	<u>(18,527)</u>	<u>55,169</u>
Net assets, end of year	<u>\$ 36,642</u>	<u>\$ 55,169</u>

Maritime Provinces Higher Education Commission

Statement of Cash Flows

Year ended March 31

2024

2023

Cash and cash equivalents provided by (used in)

Operating activities

(Deficiency) excess of revenue over expenditures for the year	\$ (18,527)	\$ 55,169
Amortization	<u>29,631</u>	<u>21,976</u>
	11,104	77,145
Net change in non-cash working capital balances related to operations		
Prepays	48,940	(60,863)
Receivable from		
New Brunswick	14,455	(24,063)
Nova Scotia	(8,523)	-
Prince Edward Island	-	20,000
Other receivables	7,627	55,057
Payables and accruals	(3,036)	(58,423)
Operating grants payable to institutions	5,429,702	(2,976,903)
Deferred revenue	193,298	400,024
Committed funds	(655,399)	(212,038)
	<u>5,038,168</u>	<u>(2,780,064)</u>

Investing activities

Addition of capital assets	<u>(11,104)</u>	<u>(77,145)</u>
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Net change in cash and cash equivalents during the year **5,027,064** (2,857,209)

Cash and cash equivalents, beginning of year 4,792,389 7,649,598

Cash and cash equivalents, end of year **\$ 9,819,453** **\$ 4,792,389**

Maritime Provinces Higher Education Commission

Notes to the Financial Statements

March 31, 2024

1. Nature of operations

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. MPHEC is a not-for-profit organization, and as a result is exempt from income tax under section 149(1)(l).

2. Significant accounting policies

Basis of presentation

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

Cash and cash equivalents

Cash and cash equivalents consist of amounts held on account at financial institutions.

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.

Capital assets

Capital assets are stated at cost less accumulated amortization. Purchased capital assets are recorded at acquisition cost. Contributed capital assets are recorded at fair value at the date of contribution. When a capital asset no longer contributed to the Commission's ability to provide services, its carrying amount is written down to its residual value. Depreciation is provided on the declining balance basis for all assets except leasehold improvements which is amortized on a straight line basis, at the following rates:

Computer hardware	30%
Computer software	100%
Office equipment and furniture	30%
Leasehold improvements	10 years

Maritime Provinces Higher Education Commission

Notes to the Financial Statements

March 31, 2024

2. Significant accounting policies (continued)

Revenue

The Commission follows the deferral method of accounting for its contributions, grants and project revenue. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

Operations surplus

The unallocated excess (deficiency) of administrative revenue over expenditures for the year is considered to be part of the Consolidated Fund. The surplus less impact due to acquisition and depreciation of capital assets is included in the amount due to the Council of Atlantic Premiers.

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. The plan is a defined benefit pension plan which was considered fully funded on a going concern basis as of the last actuarial valuation of October 1, 2021, however as the Commission simply participates in the plan, it accounts for it as if it was a defined contribution plan. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of \$51,176 (2023 - \$63,694).

Financial instruments

The Commission considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Commission accounts for the following as financial instruments:

- cash and cash equivalents
- receivables
- payables and accruals

A financial asset or liability is recognized when the Commission becomes party to contractual provisions of the instrument.

The Commission initially measures its financial assets and financial liabilities at fair value.

The Commission subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment. The Commission removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Maritime Provinces Higher Education Commission

Notes to the Financial Statements

March 31, 2024

2. Significant accounting policies (continued)

The Commission is exposed to credit risk through its financial instruments. The Commission is not exposed to significant liquidity risk, interest rate risk or other price risk.

(a) 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. The Commission's main credit risks relate to its receivables. Provisions are maintained for potential credit losses; no such losses have been recognized to date. Management believe the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded.

3. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2024 Net Book Value</u>	<u>2023 Net Book Value</u>
Computer hardware	\$ 383,741	\$ 365,453	\$ 18,288	\$ 24,179
Computer software	141,915	137,165	4,750	4,018
Leasehold improvements	121,954	113,041	8,913	21,108
Office equipment and furniture	<u>175,711</u>	<u>171,020</u>	<u>4,691</u>	<u>5,864</u>
	<u>\$ 823,321</u>	<u>\$ 786,679</u>	<u>\$ 36,642</u>	<u>\$ 55,169</u>

4. Payables and accruals

Included in payables are government remittances payable relating to payroll of \$90 (2023 - \$135).

5. Commitments

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

Year ending March 31, 2025	\$ 110,908
2026	27,800

Maritime Provinces Higher Education Commission

Notes to the Financial Statements

March 31, 2024

6. Special projects, communities and other

	<u>2024</u>	<u>2023</u>
Privacy & Security	\$ 501	\$ 132
Survey Program	83,610	130,621
MPHEC conference/workshop/collaboration	454	11,906
Committees and other	20,513	18,506
Recognition of tangible capital assets	<u>-</u>	<u>(61,317)</u>
	<u>\$ 105,078</u>	<u>\$ 99,848</u>

Maritime Provinces Higher Education Commission

Notes to the financial statements

March 31, 2024

7. Committed funds

	<u>New Brunswick</u>	<u>Prince Edward Island</u>	<u>Other</u>	<u>2024</u>	<u>2023</u>
Operating grants balance, beginning of year	\$ 427,241	\$ 2,363,600	\$ 2,541	\$ 2,793,382	\$ 3,005,420
Revenue					
Grants					
Unrestricted	-	64,308,800	-	64,308,800	58,928,300
Restricted	1,188,938	17,271,500	-	18,460,438	14,592,061
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,188,938</u>	<u>81,580,300</u>	<u>216,000</u>	<u>82,985,238</u>	<u>73,736,361</u>
Expenditures					
Unrestricted					
Holland College	-	21,799,800	-	21,799,800	20,163,400
University of Prince Edward Island	-	40,295,000	-	40,295,000	36,764,900
Interprovincial transfers					
Province of Nova Scotia	-	1,840,025	-	1,840,025	1,652,266
Province of Quebec	-	98,294	-	98,294	245,140
Restricted					
Joint Project – Computer Network	1,601,899	63,342	-	1,665,241	1,361,810
Holland College	-	7,879,700	-	7,879,700	7,586,300
University of Prince Edward Island	-	9,826,577	-	9,826,577	5,938,583
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,601,899</u>	<u>81,802,738</u>	<u>216,000</u>	<u>83,620,637</u>	<u>73,928,399</u>
Deficiency of revenue over expenditures, for the year	(412,961)	(222,438)	-	(635,399)	(192,038)
Transfer to administration	-	(20,000)	-	(20,000)	(20,000)
Operating grants balance, end of year	<u>14,280</u>	<u>2,121,162</u>	<u>2,541</u>	<u>2,137,983</u>	<u>2,793,382</u>
Capital grants balance	\$ -	\$ 16,350	\$ -	\$ 16,350	\$ 16,350