



Combined Financial Statements

Council of Atlantic Premiers

March 31, 2022

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Independent auditor's report

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To the Honourable Members of the Council of Atlantic Premiers

Opinion

We have audited the combined financial statements of the Council of Atlantic Premiers (the "Council"), which comprise the combined statement of financial position as at March 31, 2022, and the combined statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the combined financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Council of Atlantic Premiers as at March 31, 2022, 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 The Council of Atlantic Premiers 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.

Other matter – comparative figures

The combined financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2021.

Responsibilities of management and those charged with governance for the schedule

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 is 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 this 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 Council'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 Council'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 Council 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 29, 2022

Chartered Professional Accountants

Council of Atlantic Premiers
Combined Statement of Financial Position
Statement of Financial Position

March 31

2022

2021

Assets

Current

Cash and cash equivalents

Unrestricted

\$ 11,303,845 \$ 9,342,155

Restricted

2,083,354 1,702,731

Receivables

365,541 206,365

Prepays

1,514 49,754

Grants receivable (Note 4)

20,000 75,000

13,774,254 11,376,005

Capital Assets (Note 7)

92,204 -

\$ 13,866,458 \$ 11,376,005

Liabilities

Current

Payables and accruals

\$ 362,395 \$ 181,014

Funds held in trust

2,083,354 1,702,731

Deferred revenue

475,633 675,046

Operating and capital assistance payable

4,179,963 2,476,697

Committed funds (Note 8)

3,021,770 3,145,536

10,123,115 8,181,024

Net Assets

3,743,343 3,194,981

\$13,866,458 \$11,376,005

Commitments (Note 6)

On behalf of the Council

_____ Chair

_____ Chair

Council of Atlantic Premiers

Combined Statement of Operations

Year ended March 31	Budget	2022	2021
Revenue (Note 9)			
Province of New Brunswick	\$ 926,238	\$ 926,238	\$ 929,233
Province of Newfoundland and Labrador	243,769	243,769	246,224
Province of Nova Scotia	1,279,539	1,279,539	1,274,754
Province of Prince Edward Island	282,129	282,129	281,463
Other	<u>1,001,275</u>	<u>1,144,464</u>	<u>861,906</u>
	<u>3,732,950</u>	<u>3,876,139</u>	<u>3,593,580</u>
Expenses (Note 10)			
Secretariat of Council of Atlantic Premiers	1,030,501	732,578	802,296
Atlantic Provinces Harness Racing Commission	801,027	691,803	737,696
Maritime Provinces Higher Education Commission	<u>1,658,891</u>	<u>1,813,656</u>	<u>1,525,989</u>
	<u>3,490,419</u>	<u>3,238,037</u>	<u>3,065,981</u>
Excess of revenue over expenditures for the year before other expenses	242,531	638,102	527,599
Other expenses			
Economic Initiative	(98,000)	(73,110)	(73,110)
Other	<u>-</u>	<u>(16,630)</u>	<u>(16,706)</u>
Excess of revenue over expenditures	<u>\$ 144,531</u>	<u>\$ 548,362</u>	<u>\$ 437,783</u>

Council of Atlantic Premiers

Combined Statement of Changes in Net Assets

Year ended March 31

	New Brunswick	Newfoundland and Labrador	Nova Scotia	Prince Edward Island	Other	2022	2021
Net assets, beginning of year	\$ 1,142,681	\$ 335,811	\$ 985,829	\$ 730,660	\$ -	\$ 3,194,981	\$ 2,757,198
Economic Initiative	(29,756)	-	(37,359)	(5,995)	-	(73,110)	(73,110)
Other appropriations and contributions appropriated to provinces	-	(3,481)	(2,342)	(10,807)	-	(16,630)	(16,760)
Excess of revenue over expenditures for the year							
Interest	59,065	-	36,992	34,144	-	130,201	144,382
Council	131,734	91,840	165,394	26,596	-	415,564	345,846
APHRC	25	3	69	36	92,204	92,337	(2,133)
MPHEC	-	-	-	-	-	-	39,504
	<u>190,824</u>	<u>91,843</u>	<u>202,455</u>	<u>60,776</u>	<u>92,204</u>	<u>638,102</u>	<u>527,599</u>
Net increase during the year	<u>161,068</u>	<u>88,362</u>	<u>162,754</u>	<u>43,974</u>	<u>92,204</u>	<u>548,362</u>	<u>437,783</u>
Net assets, end of year	<u>\$ 1,303,749</u>	<u>\$ 424,173</u>	<u>\$ 1,148,583</u>	<u>\$ 774,634</u>	<u>\$ 92,204</u>	<u>\$ 3,743,343</u>	<u>\$ 3,194,981</u>

See accompanying notes to the combined financial statements.

Council of Atlantic Premiers

Combined Statement of Cash Flows

Year ended March 31	2022	2021
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenue over expenditures for the year, including appropriations and contributions	\$ 548,362	\$ 437,783
Depreciation and amortization	<u>15,256</u>	<u>-</u>
	563,618	437,783
Net change in non-cash working balances related to operations		
Amount receivable	(159,176)	542,957
Prepaid expenses	48,240	(48,932)
Grants receivable	55,000	21,079,941
Accounts payable and accrued liabilities	181,381	(160,431)
Deferred revenue	(199,413)	100,298
Operating and capital assistance payable	<u>1,703,266</u>	<u>(22,926,370)</u>
	2,192,916	(974,754)
Investing activities		
Decrease in committed funds	(123,766)	(278,489)
Addition of Capital Assets	<u>(107,460)</u>	<u>-</u>
	(231,226)	(278,489)
Net change in cash during the year	1,961,690	(1,253,243)
Cash and cash equivalents, beginning of year	<u>9,342,155</u>	<u>10,595,398</u>
Cash and cash equivalents, end of year	<u>\$11,303,845</u>	<u>\$ 9,342,155</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

1. Nature of operations

The Council of Maritime Premiers has been in operation since 1971. In May 2000, the Council of Atlantic Premiers (the "Council") was established with the signing of a memorandum of understanding. In fiscal 2003 - 2004, Newfoundland and Labrador became a full and equal funding partner. The combined financial statements include the Secretariat of the Council of Atlantic Premiers, Atlantic Provinces Harness Racing Commission and Maritime Provinces Higher Education Commission. As functions of government, none of the entities in these combined statements are subject to income tax.

Operating agreements

The Council has entered into agreements with the Provinces of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador whereby:

The Atlantic Provinces Harness Racing Commission ("APHRC") was mandated to govern, supervise, control and regulate harness racing and racetracks. The following objectives were detailed:

- i) To establish uniform rules for conducting harness racing;
- ii) To recruit, train, evaluate and deploy harness racing officials;
- iii) To promote and market harness racing; and
- iv) To promote and encourage the breeding and racing of horses.

The Maritime Provinces Higher Education Commission ("MPHEC") has been established on behalf of the Council through complimentary legislation in each of the Maritime Provinces. 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 MPHEC.

2. Significant accounting policies

Basis of presentation

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

Provincial equity allocation of operating surplus

Operating surplus has been allocated as follows:

Appropriations have been allocated as determined by Regional Treasury Board; and

The excess of revenue over expenditures, with the exception of APHRC, has been allocated on a per capita basis as approved in the May 25, 1971 funding agreement. APHRC has been allocated based on the pari-mutuel betting for the penultimate year.

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Combination

These combined financial statements include the combined accounts of the Council, APHRC and MPHEC. Separate audited financial statements provide more detailed financial information for APHRC and MPHEC.

The combined accounts of the Council, including the schedule of grant revenue, expenditures and committed funds (Note 8), and the separate accounts of APHRC, include only those grants received from the provinces and expended on their behalf by MPHEC and do not include operating and capital grants administered and disbursed directly by the Province of Nova Scotia to institutions within that province.

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 treatment of capital assets is not consistent among the entities included in these combined statements.

The Council and MPHEC expense capital assets in the year of acquisition. Had the Council and MPHEC capitalized and amortized its capital assets, its combined fund statement of financial position would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately \$82,446 (2021 - \$107,146).

APHRC 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, with half year method in the year of acquisition at the following rates:

Computer hardware	30%
Computer software	100%
Office equipment and furniture	30%

Cash and cash equivalents

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

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

Revenue recognition

Contributions and Grants

The Council follows the deferral method of accounting for contributions, and grants. 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.

Other Revenue

Interest and other revenue is recognized when received or receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

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

- cash and cash equivalents
- accounts receivable
- accounts payable
- committed funds

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

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

The Council subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment. The Council 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.

The Council is exposed to credit risk through its financial instruments. The Council 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 Council's main credit risks relate to its accounts receivable. Provisions are maintained for potential credit losses as necessary; no such losses have been recognized to date. Management believe the Council is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded.

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

3. Funding

The provincial contributions for the MPHEC administrative costs are based upon the population of each member province. This per capita formula results in the following contribution rates:

	<u>2022</u>	<u>2021</u>
	%	%
Province of New Brunswick	40.7	40.7
Province of Nova Scotia	51.1	51.1
Province of Prince Edward Island	8.2	8.2

Revenue and expenditures of APHRC are allocated to the provinces based upon the pari-mutuel betting for the penultimate year ended December 31. This results in the following allocation rates:

	<u>2022</u>	<u>2021</u>
	%	%
Province of New Brunswick	18.92	19.64
Province of Newfoundland and Labrador	2.55	3.14
Province of Nova Scotia	51.79	50.64
Province of Prince Edward Island	26.74	26.58

Provincial contributions for post-secondary education assistance are in accordance with the existing regional funding formula. Each province provides grants to institutions within its borders and makes contributions to the other two provinces in respect of students from that province studying in university programs not offered in the province of residence. Interest earned on funds held for grants to post-secondary institutions is allocated to the province whose funds generated the earnings.

The provincial contributions for funding are based upon the population of each member province. As such, the per capita formula is as follows:

	<u>2022</u>	<u>2021</u>
	%	%
Province of New Brunswick	31.7	31.7
Province of Newfoundland and Labrador	22.1	22.1
Province of Nova Scotia	39.8	39.8
Province of Prince Edward Island	6.4	6.4

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

4. MPHEC grants receivable	<u>2022</u>	<u>2021</u>
Province of Nova Scotia	<u>\$ 20,000</u>	<u>\$ 75,000</u>

5. Government remittances

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances, \$833 (2021 - \$23) is included in current liabilities.

6. Commitments

Leases

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

Year ending March 31, 2023	232,051
2024	222,079
2025	180,837
2026	97,729

Pension

The Council administers a defined benefit pension plan, which covers the employees of the Atlantic Lottery Corporation, the Council, MPHEC and APHRC. The most recent actuarial valuation of the pension plan as of October 1, 2018, disclosed that benefits relating to current and prior years' service are fully funded on a going concern basis. The Council has made the minimum contribution required to fund the solvency shortfall deficiency.

During the year ended March 31, 2022, the Council, MPHEC and APHRC recognized pension expense of \$23,598 (2021 - \$37,805), \$ 89,959 (2021 - \$80,488) and \$13,307 (2021 - \$12,905), accordingly.

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

7. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
Computer hardware	\$ 96,557	\$ 87,535	\$ 9,022	\$ 8,893
Office equipment and furniture	122,179	40,347	81,832	9,599
Computer software	6,335	4,985	1,350	587
	<u>\$ 225,071</u>	<u>\$ 132,867</u>	<u>\$ 92,204</u>	<u>\$ 19,079</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

8. Committed funds

	<u>New Brunswick</u>	<u>Prince Edward Island</u>	<u>Other</u>	<u>2022</u>	<u>2021</u>
Operating grants balance, beginning of year	937,892	2,188,753	2,541	3,129,186	3,407,675
Revenue					
Grants					
Unrestricted	-	57,813,002	-	57,813,002	59,096,360
Restricted	1,188,938	13,467,500	-	14,656,438	13,794,108
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,188,938</u>	<u>71,280,502</u>	<u>216,000</u>	<u>72,685,440</u>	<u>73,106,468</u>
Expenditures					
Unrestricted					
Survey program	-	-	-	-	59,905
Holland College	-	19,768,000	-	19,768,000	19,381,000
University of Prince Edward Island	-	36,045,000	-	36,045,000	35,337,800
Interprovincial transfers					
Province of Nova Scotia	-	1,608,722	-	1,608,722	4,227,560
Province of Quebec	-	269,952	-	269,952	300,862
Restricted					
Joint Project – Computer Network	1,599,263	90,579	-	1,689,842	1,468,786
Holland College	-	7,040,750	-	7,040,750	7,076,238
University of Prince Edward Island	-	6,150,940	-	6,150,940	5,296,806
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,599,263</u>	<u>70,973,943</u>	<u>216,000</u>	<u>72,789,206</u>	<u>73,364,957</u>
Excess (deficiency) of revenue over expenditures, for the year	(410,325)	306,559	-	(103,766)	(258,489)
Transfer to administration	-	(20,000)	-	(20,000)	(20,000)
Operating grants balance, end of year	<u>527,567</u>	<u>2,475,312</u>	<u>2,541</u>	<u>3,005,420</u>	<u>3,129,186</u>
Capital grants balance	-	16,350	-	16,350	16,350
Total committed funds	<u>527,567</u>	<u>2,491,662</u>	<u>2,541</u>	<u>3,021,770</u>	<u>3,145,536</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

9. Revenues	Budget (unaudited)	2022 <u>Actual</u>	2021 <u>Actual</u>
Province of New Brunswick			
Council	\$ 334,445	\$ 334,445	\$ 334,445
APHRC	78,703	78,703	81,698
MPHEC – administration	<u>513,090</u>	<u>513,090</u>	<u>513,090</u>
	<u>926,238</u>	<u>926,238</u>	<u>929,233</u>
Province of Newfoundland and Labrador			
APHRC	10,607	10,607	13,062
Council	<u>233,162</u>	<u>233,162</u>	<u>233,162</u>
	<u>243,769</u>	<u>243,769</u>	<u>246,224</u>
Province of Nova Scotia			
Council	419,903	419,903	419,903
APHRC	215,436	215,436	210,652
MPHEC – administration	<u>644,200</u>	<u>644,200</u>	<u>644,199</u>
	<u>1,279,539</u>	<u>1,279,539</u>	<u>1,274,754</u>
Province of Prince Edward Island			
Council	67,522	67,522	67,522
APHRC	111,233	111,233	110,567
MPHEC – administration	<u>103,374</u>	<u>103,374</u>	<u>103,374</u>
	<u>282,129</u>	<u>282,129</u>	<u>281,463</u>
Total provincial contributions	<u>2,731,675</u>	<u>2,731,675</u>	<u>2,731,674</u>
Other recoveries			
Interest	100,000	130,201	144,382
Recoveries			
Council	20,000	20,000	20,000
APHRC	385,048	368,161	319,584
MPHEC	-	-	45,000
Surplus appropriations	98,000	73,110	73,110
Project revenue	<u>398,227</u>	<u>552,992</u>	<u>259,830</u>
	<u>1,001,275</u>	<u>1,144,464</u>	<u>861,906</u>
Total revenues	<u>\$ 3,732,950</u>	<u>\$ 3,876,139</u>	<u>\$ 3,593,580</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2022

10. Expenses	Budget (unaudited)	2022 <u>Actual</u>	2021 <u>Actual</u>
Council			
Personnel services	\$ 578,483	\$ 411,755	\$ 583,366
Other services	148,018	79,534	104,784
Materials and equipment	5,500	4,597	6,940
Equipment	8,000	6,646	5,349
Projects	<u>290,500</u>	<u>230,046</u>	<u>101,857</u>
	<u>1,030,501</u>	<u>732,578</u>	<u>802,296</u>
APHRC			
Personnel services	165,000	166,007	167,525
Other services	358,860	265,209	268,149
Materials and supplies	126,667	123,685	124,812
Equipment	62,500	7,699	63,556
Projects	88,000	113,947	113,654
Amortization and Depreciation	<u>-</u>	<u>15,256</u>	<u>-</u>
	<u>801,027</u>	<u>691,803</u>	<u>737,696</u>
MPHEC			
Administration	1,057,027	1,143,524	1,064,825
Personnel services	388,167	385,265	245,203
Materials and supplies	11,905	10,881	10,778
Equipment	15,300	19,032	16,721
Projects	<u>186,492</u>	<u>254,954</u>	<u>188,462</u>
	<u>1,658,891</u>	<u>1,813,656</u>	<u>1,525,989</u>
Total expenses	\$ 3,490,419	\$ 3,238,037	\$ 3,065,981