



Combined Financial Statements

Council of Atlantic Premiers

March 31, 2023

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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, 2023, 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, 2023, 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.

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.

Grant Thornton LLP

Chartered Professional Accountants

Halifax, Canada
June 28, 2023

Council of Atlantic Premiers

Combined Statement of Financial Position

Statement of Financial Position

March 31

2023

2022

Assets

Current

Cash and cash equivalents

Unrestricted

\$ 9,218,315 \$ 11,303,845

Restricted

1,973,943 2,083,354

Amounts Receivable

482,056 365,541

Prepays

104,436 1,514

Grants receivable (Note 4)

24,063 20,000

11,802,813 13,774,254

Capital Assets (Note 7)

221,080 92,204\$ 12,023,893 \$ 13,866,458**Liabilities**

Current

Payables and accruals (Note 5)

\$ 374,403 \$ 362,395

Funds held in trust

1,973,943 2,083,354

Deferred revenue

887,891 475,633

Operating and capital assistance payable

1,203,060 4,179,963

Committed funds (Note 8)

2,809,732 3,021,770

7,249,029 10,123,115

Net Assets

4,774,864 3,743,343\$ 12,023,893 \$ 13,866,458

Commitments (Note 6)

On behalf of the Council

DocuSigned by:

Murray Ryan

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Secretary

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Scott DesRochers

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Chief Financial Officer

Council of Atlantic Premiers

Combined Statement of Operations

Year ended March 31	Budget	2023	2022
Revenue (Note 9)			
Province of New Brunswick	\$ 943,234	\$ 943,234	\$ 926,238
Province of Newfoundland and Labrador	251,379	251,379	243,769
Province of Nova Scotia	1,261,561	1,261,561	1,279,539
Province of Prince Edward Island	289,501	289,501	282,129
Other	<u>1,030,583</u>	<u>1,711,727</u>	<u>1,144,464</u>
	<u>3,776,258</u>	<u>4,457,402</u>	<u>3,876,139</u>
Expenditures (Note 10)			
Secretariat of Council of Atlantic Premiers	1,059,104	611,302	732,578
Atlantic Provinces Harness Racing Commission	819,979	913,366	691,803
Maritime Provinces Higher Education Commission	<u>1,683,247</u>	<u>1,735,066</u>	<u>1,813,656</u>
	<u>3,562,330</u>	<u>3,259,734</u>	<u>3,238,037</u>
Excess of revenue over expenditures for the year before other revenue (expenses)	213,928	1,197,668	638,102
Other revenue (expenses)			
APHRC Surplus appropriation	-	13,043	-
Economic Initiative	(98,000)	(73,110)	(73,110)
Other	<u>-</u>	<u>(106,080)</u>	<u>(16,630)</u>
Excess of revenue over expenditures	<u>\$ 115,982</u>	<u>\$1,031,521</u>	<u>\$ 548,362</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	2023	2022
Net assets, beginning of year	\$ 1,303,749	\$ 424,173	\$ 1,148,583	\$ 774,634	\$ 92,204	\$ 3,743,343	\$ 3,194,981
Excess of revenue over expenditures for the year before other revenue (expenses)							
Interest	297,989	-	170,289	182,038	-	650,316	130,201
Secretariate	132,658	92,483	166,553	26,782	45,255	463,731	415,564
APHRC	-	-	-	-	28,452	28,452	92,337
MPHEC	-	-	-	-	55,169	55,169	-
	<u>430,647</u>	<u>92,483</u>	<u>336,842</u>	<u>208,820</u>	<u>128,876</u>	<u>1,197,668</u>	<u>638,102</u>
Other revenue (expenses)							
Economic Initiative	(29,756)	-	(37,359)	(5,995)	-	(73,110)	(73,110)
Other appropriations and contributions appropriated to provinces	-	(3,482)	(11,791)	(90,807)	-	(106,080)	(16,630)
APHRC surplus appropriation	<u>2,469</u>	<u>333</u>	<u>6,754</u>	<u>3,487</u>	-	<u>13,043</u>	-
Excess of revenue over expenditures	<u>403,360</u>	<u>89,334</u>	<u>294,446</u>	<u>115,505</u>	<u>128,876</u>	<u>1,031,521</u>	<u>548,362</u>
Net assets, end of year	<u>\$ 1,707,109</u>	<u>\$ 513,507</u>	<u>\$ 1,443,029</u>	<u>\$ 890,139</u>	<u>\$ 221,080</u>	<u>\$ 4,774,864</u>	<u>\$ 3,743,343</u>

See accompanying notes to the combined financial statements.

Council of Atlantic Premiers

Combined Statement of Cash Flows

Year ended March 31	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenue over expenditures	\$ 1,031,521	\$ 548,362
Depreciation and amortization	<u>105,141</u>	<u>15,256</u>
	1,136,662	563,618
Net change in non-cash working balances related to operations		
Amounts receivable	(116,515)	(159,176)
Prepays	(102,922)	48,240
Grants receivable	(4,063)	55,000
Payables and accruals	12,008	181,381
Deferred revenue	412,258	(199,413)
Operating and capital assistance payable	<u>(2,976,903)</u>	<u>1,703,266</u>
	(1,639,475)	2,192,916
Investing activities		
Decrease in committed funds	(212,038)	(123,766)
Addition of capital assets	<u>(234,017)</u>	<u>(107,460)</u>
	(446,055)	(231,226)
Net change in cash during the year	(2,085,530)	1,961,690
Cash and cash equivalents, beginning of year	<u>11,303,845</u>	<u>9,342,155</u>
Cash and cash equivalents, end of year	<u>\$ 9,218,315</u>	<u>\$ 11,303,845</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2023

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 ("Secretariat"), Atlantic Provinces Harness Racing Commission ("APHRC") and Maritime Provinces Higher Education Commission ("MPHEC"). 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:

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.

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, 2023

2. Significant accounting policies (continued)

Combination

The combined financial statements of the Council of Atlantic Premiers (the “Council”) include the combined accounts of the Secretariate, APHRC and MPHEC. Separate audited financial statements provide more detailed financial information for each of these entities.

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.

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 Council'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 in the Council which is straight line, with half year method in the year of acquisition at the following rates:

Computer hardware	30%
Computer software	100%
Office equipment and furniture	30%
Leasehold improvements (Secretariate)	6 years
Leasehold improvements (MPHEC)	10%

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, 2023

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, 2023

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>2023</u>	<u>2022</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>2023</u>	<u>2022</u>
	%	%
Province of New Brunswick	22.26	18.92
Province of Newfoundland and Labrador	4.24	2.55
Province of Nova Scotia	45.92	51.79
Province of Prince Edward Island	27.58	26.74

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>2023</u>	<u>2022</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, 2023

4. MPHEC grants receivable	<u>2022</u>	<u>2021</u>
Province of New Brunswick	\$ 24,063	\$ -
Province of Nova Scotia	-	20,000
	<u>24,063</u>	<u>20,000</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, \$635 (2022 - \$833) 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, 2024	\$ 242,298
2025	251,293
2026	169,025
2027	61,978
2028	57,012

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, 2023, the Council, MPHEC and APHRC recognized pension expense of \$16,122 (2022 - \$23,598), \$63,694 (2022 - \$89,959) and \$11,944 (2022 - \$13,307), accordingly.

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2023

7. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Computer hardware	\$ 814,623	\$ 744,688	\$ 69,935	\$ 9,022
Computer software	321,991	266,926	55,065	1,350
Office equipment and furniture	355,942	283,426	72,516	81,832
Leasehold improvements	159,110	135,546	23,564	-
	<u>\$ 1,651,666</u>	<u>\$ 1,430,586</u>	<u>\$ 221,080</u>	<u>\$ 92,204</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2023

8. Committed funds

	<u>New Brunswick</u>	<u>Prince Edward Island</u>	<u>Other</u>	<u>2023</u>	<u>2022</u>
Operating grants balance, beginning of year	527,567	2,475,312	2,541	3,005,420	3,129,186
Revenue					
Grants					
Unrestricted	-	58,928,300	-	58,928,300	57,813,002
Restricted	1,188,938	13,403,123	-	14,592,061	14,656,438
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,188,938</u>	<u>72,331,423</u>	<u>216,000</u>	<u>73,736,361</u>	<u>72,685,440</u>
Expenditures					
Unrestricted					
Survey program	-	-	-	-	-
Holland College	-	20,163,400	-	20,163,400	19,768,000
University of Prince Edward Island	-	36,764,900	-	36,764,900	36,045,000
Interprovincial transfers					
Province of Nova Scotia	-	1,652,266	-	1,652,266	1,608,722
Province of Quebec	-	245,140	-	245,140	269,952
Restricted					
Joint Project – Computer Network	1,289,264	72,546	-	1,361,810	1,689,842
Holland College	-	7,586,300	-	7,586,300	7,040,750
University of Prince Edward Island	-	5,938,583	-	5,938,583	6,150,940
Newfoundland and Labrador – rehabilitation program seats	-	-	216,000	216,000	216,000
	<u>1,289,264</u>	<u>72,423,135</u>	<u>216,000</u>	<u>73,928,399</u>	<u>72,789,206</u>
Excess (deficiency) of revenue over expenditures, for the year	(100,326)	(91,712)	-	(192,038)	(103,766)
Transfer to administration	-	(20,000)	-	(20,000)	(20,000)
Operating grants balance, end of year	<u>427,241</u>	<u>2,363,600</u>	<u>2,541</u>	<u>2,793,382</u>	<u>3,005,420</u>
Capital grants balance	-	16,350	-	16,350	16,350
Total committed funds	<u>427,241</u>	<u>2,379,950</u>	<u>2,541</u>	<u>2,809,732</u>	<u>3,021,770</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2023

9. Revenues	Budget (unaudited)	2023 <u>Actual</u>	2022 <u>Actual</u>
Province of New Brunswick			
Council	\$ 334,445	\$ 334,445	\$ 334,445
APHRC	95,699	95,699	78,703
MPHEC – administration	<u>513,090</u>	<u>513,090</u>	<u>513,090</u>
	<u>943,234</u>	<u>943,234</u>	<u>926,238</u>
Province of Newfoundland and Labrador			
APHRC	18,217	18,217	10,607
Council	<u>233,162</u>	<u>233,162</u>	<u>233,162</u>
	<u>251,379</u>	<u>251,379</u>	<u>243,769</u>
Province of Nova Scotia			
Council	419,903	419,903	419,903
APHRC	197,458	197,458	215,436
MPHEC – administration	<u>644,200</u>	<u>644,200</u>	<u>644,200</u>
	<u>1,261,561</u>	<u>1,261,561</u>	<u>1,279,539</u>
Province of Prince Edward Island			
Council	67,522	67,522	67,522
APHRC	118,605	118,605	111,233
MPHEC – administration	<u>103,374</u>	<u>103,374</u>	<u>103,374</u>
	<u>289,501</u>	<u>289,501</u>	<u>282,129</u>
Total provincial contributions	<u>2,745,675</u>	<u>2,745,675</u>	<u>2,731,675</u>
Other recoveries			
Interest	100,000	650,317	130,201
Recoveries			
Council	20,000	20,000	20,000
APHRC	390,000	511,839	368,161
MPHEC	20,000	20,000	-
Surplus appropriations	98,000	-	73,110
Project revenue	<u>402,583</u>	<u>509,571</u>	<u>552,992</u>
	<u>1,030,583</u>	<u>1,711,727</u>	<u>1,144,464</u>
Total revenues	<u>\$ 3,776,258</u>	<u>\$ 4,457,402</u>	<u>\$ 3,876,139</u>

Council of Atlantic Premiers

Notes to the Combined Financial Statements

March 31, 2023

10. Expenditures	Budget (unaudited)	2023 <u>Actual</u>	2022 <u>Actual</u>
Council			
Personnel services	\$ 545,601	\$ 372,159	\$ 411,755
Other services	148,655	93,060	79,534
Materials and equipment	5,500	4,031	4,597
Equipment	34,000	-	6,646
Projects	325,348	123,939	230,046
Amortization and Depreciation	-	18,113	-
	<u>1,059,104</u>	<u>611,302</u>	<u>732,578</u>
APHRC			
Personnel services	165,000	202,075	166,007
Other services	385,524	431,340	265,209
Materials and supplies	138,355	115,258	123,685
Equipment	17,500	15,802	7,699
Projects	113,600	83,839	113,947
Amortization and Depreciation	-	65,052	15,256
	<u>819,979</u>	<u>913,366</u>	<u>691,803</u>
MPHEC			
Administration	1,115,475	1,158,244	1,143,524
Personnel services	362,167	446,697	385,265
Materials and supplies	11,905	8,301	10,881
Equipment	15,300	-	19,032
Projects	178,400	99,848	254,954
Amortization and Depreciation	-	21,976	-
	<u>1,683,247</u>	<u>1,735,066</u>	<u>1,813,656</u>
Total expenses	<u>\$ 3,562,330</u>	<u>\$ 3,259,734</u>	<u>\$ 3,238,037</u>